Filing at a Glance

Company:	John Hancock Life Insurance Company (USA)
Product Name:	2019 Inforce Rate Increases - JH LE
State:	Virginia
TOI:	LTC03I Individual Long Term Care
Sub-TOI:	LTC03I.001 Qualified
Filing Type:	Rate
Date Submitted:	04/14/2020
SERFF Tr Num:	MULF-132318711
SERFF Status:	Closed-Approved
State Tr Num:	MULF-132318711
State Status:	Approved
Co Tr Num:	2019 INFORCE RATE INCREASES - JH LE
Effective Date Requested:	On Approval
Author(s):	Michelle Fluet, Carol Folsom, Joanne Witham, Alex Yi, Amanda Weaver
Reviewer(s):	Bill Dismore (primary)
Disposition Date:	02/18/2021
Disposition Status:	Approved
Effective Date:	

General Information

Project Name: 2019 Inforce Rate Increases - JH LE
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact: 32.6%

Deemer Date: 07/30/2020
Submitted By: Michelle Fluet

Status of Filing in Domicile: Pending
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Individual
Individual Market Type:
Filing Status Changed: 02/18/2021
State Status Changed: 02/18/2021
Created By: Michelle Fluet
Corresponding Filing Tracking Number:
State TOI: LTC03I Individual Long Term Care

Filing Description:

Re:John Hancock Life Insurance Company (U.S.A.)
Company NAIC # 65838; FEIN #: 01-0233346
Individual Long-Term Care Insurance Rate Revision Submission
Revised Actuarial Memos (See Policy Form List Below)

Dear Commissioner:

We have recently completed our 2019 experience study. This comprehensive study is generally conducted every three years and examines the usage trend for our insured population. The study results show lower than expected claim terminations during the elimination/waiting period and an updated view of future mortality and morbidity improvements, partially offset by favorable incidence as policyholders are filing claims at a lower rate than expected. In short, we anticipate having to pay more claims in the future than previously expected.

As a result of the factors listed above, we are requesting a premium rate increase on the policy series listed below and are enclosing the actuarial memos and rates for your review and acceptance.

Policy SeriesApproval DateYears SoldAverage Increase
LTC-06 VA5/26/20062006 - 201132.6%

The proposed premium rates will be effective on the next policy anniversary date, following a 90-day policyholder notification period, which will be made as soon as practicable following state acceptance. As we will describe later in this letter, we will also offer affected insureds various benefit reduction options to help mitigate the impact of the rate increase.

Policyholder Options
We are fully aware that a premium increase may be difficult for our policyholders. Therefore, we will provide all policyholders with options which will help them mitigate the impact of any increase.

•Shared Cost Option
If the policyholder selects this option, they will be able to offset the premium rate increase. The Shared Cost Option consists of two components.
•All policy benefit amounts (all Daily/Weekly/Monthly Benefit amounts and the Policy Limit) will be decreased by an assigned Shared Cost percentage (based upon policy series and the insured's original issue age and benefit selected); and
•We will also apply that same Shared Cost percentage to future claims for covered charges and will pay our portion (1 minus the Shared Cost percentage) of covered charges, but we will pay no more than the new revised [daily/monthly/weekly] benefit amount and the new Policy Limit. The insured will be responsible for the remaining expenses.
Example: If the revised Daily Benefit for Nursing Facility Care is $200 and Your Shared Cost Percentage is 20%, we will pay 80% of the Nursing Home charges, but no more than $200.
•If Your Nursing Home charges are $100, we will pay $80 and You will be responsible for $20.
•If Your Nursing Home charges are $200, we will pay $160 and You will be responsible for $40.
•If Your Nursing Home charges are $300, we will pay $200 and You will be responsible for $100

All Shared Cost percentages were determined to be actuarially equivalent to the requested rate increases by combination of issue age, benefit period and inflation type and therefore these options are only available if the
full rate increase requested is accepted.

If Shared Cost is elected all other policy provisions other than those mentioned above remain unchanged, including the inflation increase option (if selected).

The Department approved this option on June 28, 2019 under SERFF and State Tracking Number MULF-131278368.

•Inflation Reduction
If the policyholder selects this option, they will be able to offset the premium rate increase.

Policyholders who originally purchased lifetime 5% compound or 5% simple inflation and some policyholders who took a reduced compound or simple inflation when notified of past premium increases, will be provided with the ability to keep premium at the current level by decreasing their future inflation coverage to a lower percentage which will vary by policy series. These policyholders will be able to keep all accrued inflation increase amounts to date and the lower inflation index will apply on a prospective basis only. Reduced inflation rates are determined to be actuarially equivalent to the requested rate increase and therefore these options are only available if the full rate increase requested is accepted.

•Paid-up Option
If the policyholder selects this option, the policy will be converted to a paid-up status on the rate increase effective date (the next policy anniversary date). The new policy limit will be equal to 150% of premiums paid, less any claims paid. Under this option all optional riders will terminate, and no additional inflation adjustments/increases will be provided.

Please note all of the referenced mitigation options above may not be available if the rate increase is not approved as requested.

This option is currently pending approval under SERFF and State Tracking Number MULF-132319248.

•Nonforfeiture
The nonforfeiture benefit, if purchased, may be exercised and the policy will be converted to paid-up status in accordance with the policy provision on the rate increase effective date.

•Contingent Nonforfeiture
If the NAIC contingent nonforfeiture benefit is triggered customers will be offered paid-up coverage in accordance with the provision. Please note, that we will be voluntarily administering the contingent nonforfeiture benefit as described in the NAIC Model Bulletin "Announcement of Alternative Filing Requirements for Long-Term Care Premium Rate Increases" (as adopted by the Senior Issues Task Force on 8/9/2013.) We are allowing contingent nonforfeiture if the rate increase trigger is met for all affected policyholders, even if it was not otherwise required in your State.

•Additional Mitigation Options
Policyholders may also be able to reduce their benefit period, adjust their daily/monthly benefit amount, drop optional benefit riders or extend their elimination period.

The corresponding forms for the Inflation Reduction percentages will be submitted under separate cover shortly.

Policyholder Communication Package

We have submitted for approval our sample template policyholder communication package regarding the rate increase and options to help mitigate the rate increase. We developed the communication package keeping in mind the amount of meaningful and detailed information to the policyholder and presenting it in a clear manner. We have incorporated suggestions from state regulators, policyholders and our dedicated policyholder service representatives. This package will be personalized for each customer and of course will vary by their respective situation. This package is included in Supporting

Documentation and is currently pending approval under SERFF and State Tracking Number MULF-132319248.

Ensuring No Cross-Subsidization Between States

We have ensured no state's rate increase approvals will subsidize other states' experience. Rate increases will vary by state, but only to reflect the timing and amount of prior rate increases approved by that state. This is accomplished by first backing-out all prior rate increases from our nationwide premium data. We then re-introduce prior rate increases with the amount and timing based on your state's prior approvals. The current proposed rate increases are then determined based on the amounts needed in order to achieve our target loss ratios where our targets reflect the lifetime loss ratios certified to in our prior filing.

Although some states may have capped our previous inforce rate increase filings, in each case this was done with the understanding that the full amount of the proposed rate increases were justified, and that John Hancock would be refiling for the remainder at a later date. In instances where the remainder remains unapproved, it has been included in the current filings.

Past Losses Testing
Preventing companies from recouping past losses was the subject of a recent discussion by the Health Actuarial Task Force in late 2013. The accepted methodology by the Health Actuarial Task Force is to define past losses as actual past claims less expected past claims when determining loss ratio compliance where expected past claims are defined as the following:

Expected claims shall be calculated based on the original filing assumptions assumed until new assumptions are filed as part of a rate increase. New assumptions shall be used for all periods beyond each requested effective date of a rate increase regardless of whether or not the rate increase is approved. Expected claims are calculated for each calendar year based on the in-force during the calendar year. Expected claims shall include margins for moderately adverse experience; the margins included in the claims that were used to determine the lifetime loss ratio consistent with the original filing or as modified in any rate increase filing.

The rate increases we calculated follow the methodology described above to ensure that we are not recouping past losses.

This submission is being filed in all states.

The following items are included in this submission:
*the submission letter.
*all actuarial material.
*all required certifications.

Please do not hesitate to contact us regarding this submission. We will be happy to meet with the Department either in person or via conference call at a time of your convenience.

Thank you for your time and consideration in this matter.

Company and Contact

Filing Contact Information

Michelle Fluet, Senior Contract Consultant mfluet@jhancock.com
200 Berkeley Street 617-572-0101 [Phone]
B6-06 617-572-0399 [FAX]
Boston, MA 02117

State:	*Virginia*	**Filing Company:**	*John Hancock Life Insurance Company (USA)*
TOI/Sub-TOI:	*LTC03I Individual Long Term Care/LTC03I.001 Qualified*		
Product Name:	*2019 Inforce Rate Increases - JH LE*		
Project Name/Number:	*2019 Inforce Rate Increases - JH LE/*		

Filing Company Information

John Hancock Life Insurance Company (USA)
200 Berkeley Street
Boston, MA 02176
(617) 572-6000 ext. [Phone]

CoCode: 65838
Group Code: 904
Group Name:
FEIN Number: 01-0233346

State of Domicile: Michigan
Company Type:
State ID Number:

Filing Fees

State Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Bill Dismore	02/18/2021	02/18/2021

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Info has been requested from company	Bill Dismore	12/14/2020	12/14/2020
Info has been requested from company	Bill Dismore	06/08/2020	06/08/2020
Info has been requested from company	Bill Dismore	05/15/2020	05/15/2020
Info has been requested from company	Bill Dismore	04/16/2020	04/16/2020

Response Letters

Responded By	Created On	Date Submitted
Michelle Fluet	02/16/2021	02/16/2021
Michelle Fluet	06/30/2020	06/30/2020
Michelle Fluet	05/15/2020	05/15/2020
Michelle Fluet	05/15/2020	05/15/2020

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Actuarial Final Summary & Opinion	Reviewer Note	Bill Dismore	09/22/2020	
RRS	Reviewer Note	Bill Dismore	04/16/2020	

Disposition

Disposition Date: 02/18/2021

Effective Date:

Status: Approved

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
John Hancock Life Insurance Company (USA)	32.600%	32.600%	$1,235,437	2,007	$3,788,863	62.200%	15.700%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Product Checklist	Received & Acknowledged	Yes
Supporting Document	Certification of Compliance/Readability	Received & Acknowledged	Yes
Supporting Document	L&H Actuarial Memorandum	Received & Acknowledged	Yes
Supporting Document	Long Term Care Insurance Rate Request Summary	Received & Acknowledged	Yes
Supporting Document	Cover letter	Received & Acknowledged	Yes
Supporting Document	Sample Policyholder Communication Package	Received & Acknowledged	Yes
Supporting Document	Response to 4/16/20 objection	Received & Acknowledged	Yes
Supporting Document	Response to 6/8/20 objection	Received & Acknowledged	Yes
Rate	Rate Table	Approved	Yes

Objection Letter

Objection Letter Status	Info has been requested from company
Objection Letter Date	12/14/2020
Submitted Date	12/14/2020
Respond By Date	01/14/2021

Dear Michelle Fluet,

Introduction:

One or more forms included within the submission were found to be in non-conformity with statutory, regulatory or administrative requirements as set forth below.

Objection 1

Comments: This filing is pending the completion of the policyholder letter review under MULF-132319248.

Please respond to this objection when the questions about the policyholder letter have been answered.

Conclusion:

We shall be glad to reconsider this submission upon receipt of the revised forms to address the objections noted above. Should you need clarification of any of the information contained in this letter, please contact the undersigned.A response to this objection (or request for information if more applicable) is expected within 30 days.

Thank you for your courtesy and consideration in this matter.

Sincerely,
Bill Dismore

State:	Virginia	**Filing Company:**	John Hancock Life Insurance Company (USA)
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2019 Inforce Rate Increases - JH LE		
Project Name/Number:	2019 Inforce Rate Increases - JH LE/		

Objection Letter

Objection Letter Status	Info has been requested from company
Objection Letter Date	06/08/2020
Submitted Date	06/08/2020
Respond By Date	07/08/2020

Dear Michelle Fluet,

Introduction:

During our review, we noted the need for additional information to continue. Any revisions, modifications, or changes of any type to a filing not requested by us must be brought to our attention upon and explained in detail. It will expedite the review process if all changes are highlighted and explained.

Objection 1

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please explain why the Before Proposed Increase values in Exhibit 1 differ from those in the PPV Method exhibit for both the Base and Catchup calculations.

Objection 2

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide the Net Level Premium Reserve balance for this block of policies as of 12/31/2018.

Objection 3

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide the total claim count for both a) this block of policies and b) the full data set used to set the morbidity assumptions.

Objection 4

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please quantify the impact of the Companys choice to use only the 5-year period of 2013-2017 to set its experience assumptions vs. all historical data.

Objection 5

- L&H Actuarial Memorandum (Supporting Document)

Comments: Are any adjustments made by policy form or block to adjust the total company assumptions derived in the experience studies to reflect policy characteristics of each individual block?

Conclusion:

We shall be glad to reconsider this submission upon receipt of the requested information to address the objections noted above. Should you need clarification of any of the information contained in this letter, please contact the undersigned.

A response to this objection (or request for information if more applicable) is expected within 30 days. After 30 days, the filing will be DISAPPROVED unless a 30-day extension is requested.

Once a submission has been closed, a new SERFF submission will be required. To expedite the review, the new submission should reference the SERFF tracking number of the prior submission and verify that all outstanding issues have been addressed.

Should you wish to discuss any of the objections or provide additional information related to any of the objections, this should be done prior to making a new SERFF submission.

State:	*Virginia*	**Filing Company:**	*John Hancock Life Insurance Company (USA)*
TOI/Sub-TOI:	*LTC03I Individual Long Term Care/LTC03I.001 Qualified*		
Product Name:	*2019 Inforce Rate Increases - JH LE*		
Project Name/Number:	*2019 Inforce Rate Increases - JH LE/*		

Thank you for your courtesy and consideration in this matter.

Sincerely,
Bill Dismore

Objection Letter

Objection Letter Status	Info has been requested from company
Objection Letter Date	05/15/2020
Submitted Date	05/15/2020
Respond By Date	05/29/2020

Dear Michelle Fluet,

Introduction:

One or more forms included within the submission were found to be in non-conformity with statutory, regulatory or administrative requirements as set forth below.

Objection 1

- Product Checklist (Supporting Document)

Comments: Please review, sign and date the Rate Review Filing Checklist found in SERFF and attach this to the Product Checklist under the Supporting Documentation tab.

Conclusion:

We shall be glad to reconsider this submission upon receipt of the revised forms to address the objections noted above. Should you need clarification of any of the information contained in this letter, please contact the undersigned.

A response to this objection (or request for information if more applicable) is expected within 2 weeks. After 5/29/2020, the filing will be DISAPPROVED unless an extension no longer than 30-days is requested.

Once a submission has been closed, a new SERFF submission will be required. To expedite the review, the new submission should reference the SERFF tracking number of the prior submission and verify that all outstanding issues have been addressed.

Should you wish to discuss any of the objections or provide additional information related to any of the objections, this should be done prior to making a new SERFF submission.

Thank you for your courtesy and consideration in this matter.

Sincerely,
Bill Dismore

State:	Virginia	**Filing Company:**	John Hancock Life Insurance Company (USA)
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2019 Inforce Rate Increases - JH LE		
Project Name/Number:	2019 Inforce Rate Increases - JH LE/		

Objection Letter

Objection Letter Status	Info has been requested from company
Objection Letter Date	04/16/2020
Submitted Date	04/16/2020
Respond By Date	05/16/2020

Dear Michelle Fluet,

Introduction:

During our review, we noted the need for additional information to continue. Any revisions, modifications, or changes of any type to a filing not requested by us must be brought to our attention upon and explained in detail. It will expedite the review process if all changes are highlighted and explained.

Objection 1

- L&H Actuarial Memorandum (Supporting Document)

Comments: Section 17. Requested Rate Increase

Please provide the SERFF tracking number for the prior filing referred to in item 1. in which the lifetime loss ratio of 69.4% was calculated.

Objection 2

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide the Nationwide current average premium and number of policies for each form.

Objection 3

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide all projections required to calculate the increase allowed under the Prospective PV Approach and the Blended If-Knew/Make-up Approach (see attached description).

Objection 4

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide sufficient detail or documentation so that any projections can be recreated. Please provide a copy of all projections in Excel with working formulas.

Objection 5

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please advise in which states the company has requested rate increases on this block and describe how the rate changes requested in Virginia compare with those in other states, along with a listing of the status of the rate reviews in those other states.

Objection 6

- L&H Actuarial Memorandum (Supporting Document)

Comments: Is the intent of the company to not request any further rate increases if the proposed rate increase is approved and the experience develops as projected? If not, please explain.

Objection 7

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please advise if there are any active partnership policies in Virginia.

Conclusion:

We look forward to resuming our review of this submission upon receipt of the requested information to address the questions noted above. A response to our request is expected within 30 days. After 30 days, the filing will be DISAPPROVED unless a 30-day extension is requested. Please do not hesitate to contact me if there are any questions.

Sincerely,

Sincerely,
Bill Dismore

Long-term Care Insurance

Approaches to Reviewing Premium Rate Increases

NAIC LTC Pricing Subgroup

October 2018

Executive Summary

Several years ago, the NAIC Long-term Care Pricing Subgroup proposed changes to the NAIC Long-term Care (LTC) Model Regulation (Model 641) aimed at strengthening the pricing of LTC insurance. These proposed changes were adopted by the NAIC in August of 2014. These changes apply to LTC insurance policies issued on or after the date that the state where the policy is issued adopts the changes.

Despite these changes, along with changes made to the pricing methodology of LTC insurance in 2002, carriers find themselves in situations where they must increase premium rates in order to cover future expected claims. Most of these increases are implemented on blocks that are no longer open to new business. Regulators often treat the review and approval of these rate increases differently.

Over the past year, the LTC Pricing Subgroup studied and discussed approaches used by various states to review LTC rate increases. These approaches were discussed on public calls consisting of regulators, industry representatives, and consumer advocates. Through that process, this document was developed to serve as a resource that states can use in their review of LTC rate increases. The goal is to create a more predictable and transparent process for reviewing LTC rate increase filings.

Scope

This document describes two methodologies for computing rate increases for LTC insurance policies. Regulators should consider applicable laws in their state when applying these methods to a particular block of policies.

Background

Prior to 2002, LTC insurance was priced using a fixed lifetime loss ratio methodology. This methodology was meant to ensure that premium rates were not too high. However, as experience evolved, the premiums set using this methodology proved to be inadequate, leading to large rate increases. In addition, this approach allowed for the portion of the premium available for expenses and profit to increase when actual claims were higher than what was expected when the product was initially priced.

In 2002, a new method of pricing LTC insurance was adopted by the NAIC. This new method, known as the rate stabilization methodology, moved away from fixed loss ratios applied to initial premiums and moved to a rating methodology designed to increase the probability that premiums will remain unchanged for the life of the contract, even under moderately adverse experience.

Even under the revised methodology, policyholders continue to experience large rate increases. In response, the NAIC Long-term Care Pricing Subgroup proposed changes to the NAIC Long-term Care Model Regulation (Model 641) aimed at strengthening the pricing of LTC insurance. These proposed changes were adopted by the NAIC in August of 2014. These changes apply to LTC insurance policies issued after the date that the state where the policy is issued adopts the revised regulation. The new model does not address rate increases consumers are experiencing on existing business.

The LTC Pricing Subgroup turned its focus to the review of these rate increases with the goal of developing a framework to achieve greater transparency and predictability in the review and approval of requests for LTC insurance rate increases.

Approaches

As a starting point, the subgroup surveyed states on various practices surrounding their review of LTC insurance rate increases. One of the first steps in the process was to develop consistency when using certain terms, including the term "recoupment of past losses", when used in our discussions. For purposes of this document, the subgroup developed a consistent understanding of different categories of past losses.

The following charts illustrate the streams of potential losses or deficiencies stemming from two general sources – those stemming from past and future premiums being insufficient, and those stemming from past and future incurred claims being worse than expected.

At the time of a rate increase, sources of potential past premium deficiencies come from premiums that were paid by policyholders who:

- are active
- are in paid-up status (i.e., they are not on claim, but are no longer paying premium under the terms of the policy but may have future claims)
- have lapsed coverage, (i.e., they are not paying premium, are not on claim, and cannot have future claims)
- are disabled (i.e., on claim)

At the time of a rate increase, sources of future premiums come from the following two groups:

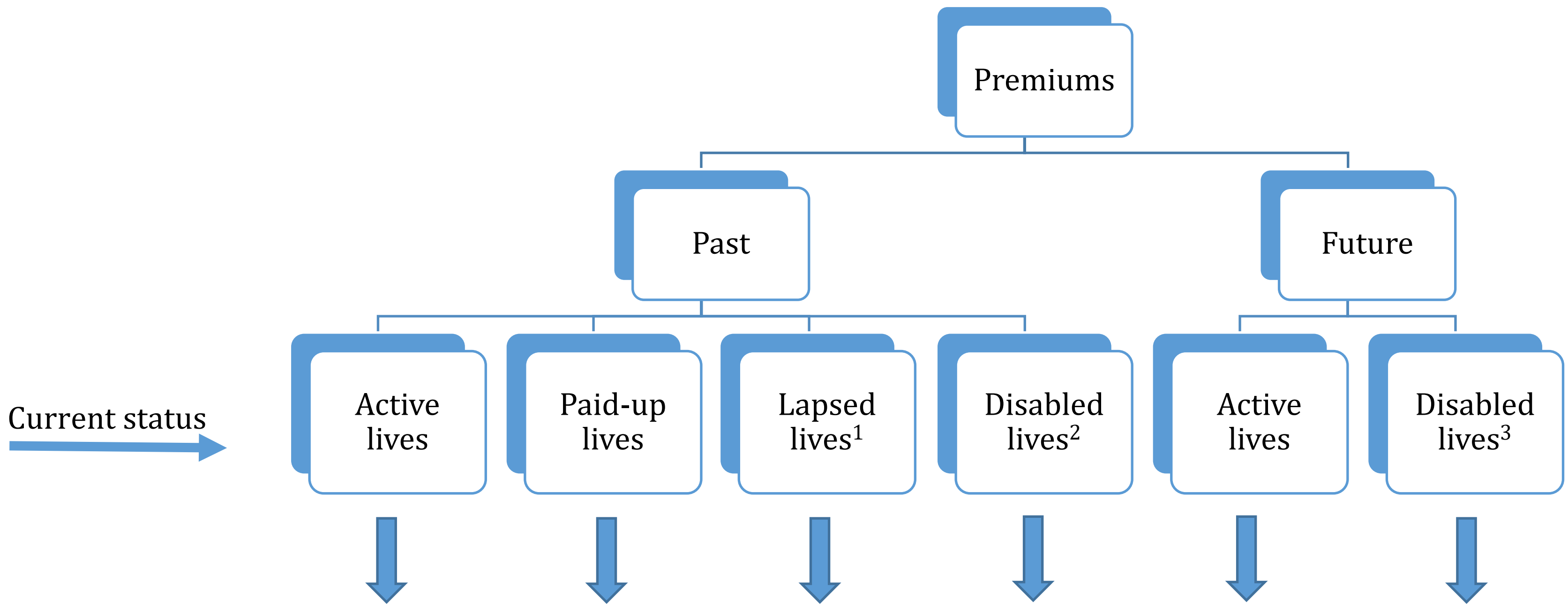
- policyholders who remain active and continue paying premiums
- policyholders who are currently on claim but recover and begin paying premiums again

At the time of a rate increase, sources of future incurred claims are:

- active premium paying policyholders who go on claim in the future

- disabled policyholders who are currently on claim, recover, and go on claim again in the future
- paid-up policyholders – this source of future claims is recognized in lifetime loss ratio calculations but not in projections of future claims for rate increases

Premium Shortfall Categories at the Time of a Rate Increase Request

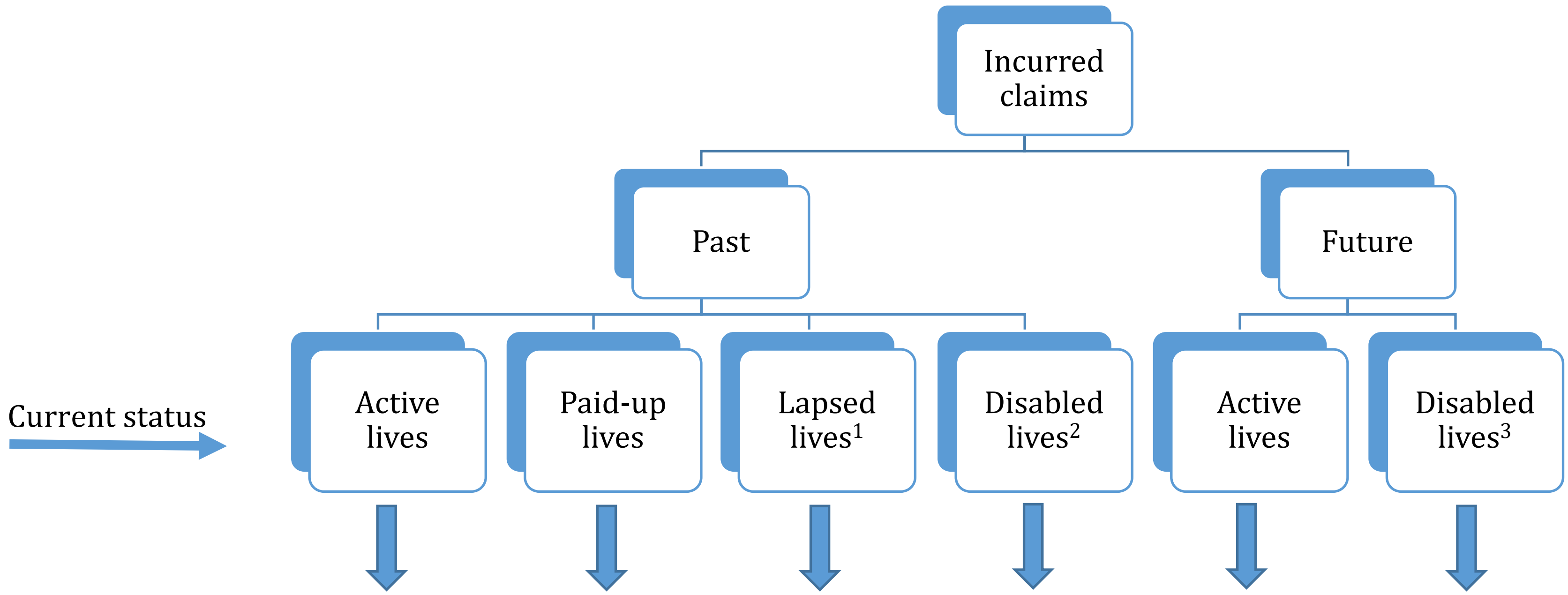


	Past: Active lives	Past: Paid-up lives	Past: Lapsed lives[1]	Past: Disabled lives[2]	Future: Active lives	Future: Disabled lives[3]
Lifetime loss ratio	✓	✓	✓	✓	✓	✓
Prospective present value approach	✗	✗	✗	✗	✓	✗
Blended if-knew/make up approach	✓	✓	✓	✓	✓	✓
2014 NAIC LTC Model Regulation	✓	✓	✓	✓	✓	✓

[1] Includes voluntary lapses and those who died prior to generating a claim
[2] Includes those who died while on claim and those who exhausted their benefits
[3] Current disabled lives who might recover in the future and resume paying premiums

✗ indicates that the category is not reflected in the methodology, and any deficiency needs to be funded from a source other than a rate increase. However, the deficiency could be mitigated by catch-up and transitional adjustments to the prospective PV approach. ✓ indicates a partial recoupment since the method blends if-knew, which does not allow for any recoupment, and make up, which allows for full recoupment.

Categories of Adverse Claims Experience at the Time of a Rate Increase Request



	Past: Active lives	Past: Paid-up lives	Past: Lapsed lives[1]	Past: Disabled lives[2]	Future: Active lives	Future: Disabled lives[3]
Lifetime loss ratio	✓	✓	✓	✓	✓	✓
Prospective present value approach	✗	✗	✗	✗	✓	✗
Blended if-knew/make up approach	(✓)	(✓)	(✓)	(✓)	✓	✓
2014 NAIC LTC Model Regulation	✗	✗	✗	✗	✓	✓

[1] Includes voluntary lapses and those who died prior to generating a claim
[2] Includes those who died while on claim and those who exhausted their benefits
[3] Current disabled lives who might recover in the future and resume paying premiums

✗ indicates that the category is not reflected in the methodology, and any deficiency needs to be funded from a source other than a rate increase. However, the deficiency could be mitigated by catch-up and transitional adjustments to the prospective PV approach. (✓) indicates a partial recoupment since the method blends if-knew, which does not allow for any recoupment, and make up, which allows for full recoupment.

As a second step in the process, the pricing subgroup identified several general methodologies that were consistently used across states. These are:

- The lifetime loss ratio approach, which allows for full recoupment of past losses and often results in the largest rate increase
- Unique state approaches, which are designed to limit the recoupment of past losses
- The amended model regulation, which, like the state approaches, limits the recoupment of past losses

The two state approaches discussed in the pricing subgroup are described below.

Prospective PV approach

This approach avoids a recoupment of past losses by considering only future projections. The following formula is used to compute an allowable rate increase for a block of LTC insurance policies:

$$\text{rate increase \%} = \frac{\Delta PV(\text{future incurred claims}) - \left(\dfrac{.58 + .85\,C}{1 + C}\right)\Delta PV(\text{future earned premiums})}{.85\,PV_{\text{current}}(\text{future earned premiums})}$$

where:

Δ indicates the change in present value (PV) due to the change in actuarial assumptions between the time of the last rate increase (or the original assumptions if there was no prior rate increase) and the current assumptions

C is the cumulative percent rate increase to date. For example, if the current rate, prior to the proposed rate increase, is 50 percent higher than the rate at initial pricing, then $C = .5$

The *current* subscript in the denominator indicates that the PV should be computed using current assumptions. The future earned premiums in the formula are based on the current premiums prior to the proposed rate increase. Regulators may wish to consider the addition of margin to the rate increase. For example, the ΔPV(future incurred claims) term in the above formula could be multiplied by 1.1 to represent a 10 percent margin.

The formula is limited to **active, premium-paying policyholders** as of the time of the filing. All present value calculations in the formula should be based on the same set of current active lives.

For pre-rate stabilized policies, one could use .6 in place of .58 and .8 in place of .85:

$$\text{rate increase \%} = \frac{\Delta PV(\text{future incurred claims}) - \left(\dfrac{.6 + .8\,C}{1 + C}\right)\Delta PV(\text{future earned premiums})}{.8\,PV_{\text{current}}(\text{future earned premiums})}$$

Justification for the formula

The numerator represents the amount of additional funding needed, on a prospective basis, as a result of the change in actuarial assumptions. This amount reflects the increase in the PV of incurred claims, and is partly offset by the increase in the PV of future net premiums, where net premiums are computed by multiplying gross premiums by the loss ratio.

To compute the loss ratio, if P_0 is the premium at initial pricing and P is the current premium prior to the proposed rate increase, then:

$$P = P_0(1+C)$$

so

$$P_0 = \frac{P}{1+C}$$

The portion of current premium due to prior increases is:

$$P - P_0 = P - \frac{P}{1+C} = \frac{PC}{1+C}$$

Applying a 58 percent loss ratio to the initial premium and an 85 percent loss ratio to the increase portion, the loss ratio is:

$$\frac{.58\,\frac{P}{1+C} + .85\,\frac{PC}{1+C}}{P} = \frac{.58 + .85\,C}{1+C}$$

Since a loss ratio of 85 percent applies to the rate increase, which provides the additional funding needed, then:

$$.85\ \Delta PV_{\text{current}}(\text{future earned premiums}) = \Delta PV(\text{future incurred claims}) - \left(\frac{.58 + .85\,C}{1+C}\right)\Delta PV(\text{future earned premiums})$$

The percentage rate increase, computed as ΔPV / PV of future earned premiums, is found by dividing both sides of the above equation by $.85\ PV_{\text{current}}(\text{future earned premiums})$:

$$\text{rate increase \%} = \frac{\Delta PV(\text{future incurred claims}) - \left(\frac{.58 + .85\,C}{1+C}\right)\Delta PV(\text{future earned premiums})}{.85\ PV_{\text{current}}(\text{future earned premiums})}$$

Possible Modifications to Prospective PV approach

The prospective PV formula is intended to produce a rate increase that is adequate to fund the projected increase in future claim liabilities. However, a regulator should consider modifications to the formula based on the following:

- Disapproval of a prior actuarially justified rate increase.
- A prior actuarially justified rate increase reduced by the regulator.
- Approval of a prior actuarially justified rate increase after significant delay, offset by any company delay in filing for an actuarially justified rate increase.

Note that the use of any prior "actuarially justified" rate increase requires justification and support, which may vary by company and by state. The use and amount of any prior actuarially justified rate increase must be agreed to by both the regulator and the company.

Examples of the modifications that could be made to the prospective PV formula are described below:

Catch-up Provision (For rate increase requests denied or delayed)

If part of a past rate increase request has been denied, or if there was a material delay in the prior approval, for the new rate to be consistent with the underlying methodology of the Base Formula, a company must be granted an additional rate increase amount, called the catch-up provision. The catch-up provision is designed to reflect in a new rate increase the necessary additional premiums based on the assumptions provided to the department at the time of the previous rate increase request that were not approved with the prior filing(s). It will not take into account any deviation in actual experience from assumed experience during that time period.

$$\text{Catch-up rate increase \%} = \frac{\text{AV(premiums requested}^{\text{P}}) - \text{AV(premiums approved}^{\text{P}})}{\text{PV}_{\text{current}}(\text{future earned premiums})}$$

$$+ \frac{\text{PV(premiums requested}^{\text{F}}) - \text{PV(premiums approved}^{\text{F}})}{\text{PV}_{\text{current}}(\text{future earned premiums})}$$

Where:

AV is the Accumulated Value at the time of the new rate increase request using the actuarial assumptions made at the time of the previous rate increase request(s).

PV is the Present Value at the time of the new rate increase request using the actuarial assumptions made at the time of the previous rate increase request(s).

Premiums Requested^P is the total past premiums that would have been collected had the entire rate increase request been granted in a timely manner based on the actuarial assumptions made at the time of the previous rate increase request(s)

Premiums Requested^F is the total future premiums that would have been collected had the entire rate increase request been granted in a timely manner based on the actuarial assumptions made at the time of the previous rate increase request(s)

Premiums Approved^P is the total past premiums that were collected based on the rate increase approved at the time of the previous rate increase request(s)

Premiums Approved^F is the total future premiums that would have been collected based on the rate increase approved at the time of the previous rate increase request(s)

For pre-rate stabilized policies, use .8 in place of .85.

Transition Provision (For Pre-Rate Stability products and other products where the last rate increase requests was voluntarily reduced by the company)

If the prior rate increase request was not subject to the Rate Stability actuarial certification or a past rate increase request has been voluntarily reduced from the amount per such certification, a transition period needs to be established for companies to make a single filing to provide the full amount of premium necessary to meet the actuarial certification (consistent with the Model Bulletin calculation requirements). This transition filing would establish the assumptions to be used as the "prior assumptions" for future Base Formula requests and the maximum "Prior Premium" scale for these policies based on those prior assumptions. For any new filing of a rate increase to the Prior Rate scale to be consistent with the underlying methodology of the Base Formula, a company must be granted increases from the current approved premium scale up to but not above the maximum Prior Premium scale as part of the Transition amount. In this instance, the company will not be allowed to recapture past premiums that would have been collected if the rate increase request had not been voluntarily reduced. To the extent that a company requests a Transitional increase and a state denies or reduces the amount, the amount denied would be allowed in future rate increase requests under the Catch-Up Provision.

$$\text{Transition rate increase \%} = \frac{\text{PV(premiums justified)} - \text{PV(premiums requested)}}{\text{PV}_{\text{current}}\text{(future earned premiums)}}$$

Where:

PV is the Present Value using the actuarial assumptions made at the time of the previous rate increase request(s).

Premiums Justified is the total future premiums that would have been collected had the previous rate increase request been based upon the entire amount calculated in the Base Formula and Catch-up Provisions at the time of the previous rate increase request(s)

Premiums Requested is the total future premiums that would have been collected based on the entire rate increase requested at the time of the previous rate increase request(s)

For pre-rate stabilized policies, use .8 in place of .85.

Calculation of Entire Rate Increase

Total Rate Increase = Base Formula Increase % + Catch-up Increase % + Transition Increase %

Blended If-Knew/Make-up Approach

This approach begins with the computation of if-knew and makeup rate increases, as described in the definitions below. Next, a blended average is computed between the if-knew and make-up increases, where the makeup component is weighted based on the percentage of original policyholders remaining in active, premium-paying status. Finally, a cost-sharing function is applied to determine the portion of the rate increase that is paid by policyholders, while the remainder is a cost borne by the company.

This approach requires the use of all components outlined in this section. It is not appropriate to use only one part of this approach to determine a rate increase.

Key definitions include:

- If-knew increase – increase to the premium rates such that the resulting rates, if in effect from inception of the form, would produce the greater of the initial target lifetime loss ratio or minimum loss ratio applicable to the form

- Make-up increase – increase to the premium rates such that the resulting rates, if in effect in future years, would produce the greater of the initial target lifetime loss ratio or minimum loss ratio applicable to the form

- Blended increase – weighted average of if-knew increase and makeup increase, with the makeup component weighted based on the percentage of the original policyholders remaining in active, premium-paying status

- Cost-sharing increase – blended increase reduced by the cost-sharing formula described below

- Maximum allowable rate increase – an increase that, in addition to any prior rate increase, results in a cumulative rate increase equal to the cost-sharing increase

Cost sharing

This approach requires a state to establish a cost-sharing formula to be applied the rate increase determined under this approach. The table below is an example of a formula where the rate increase is sliced into layers. The policyholder's share of the rate increase decreases with each layer.

Blended increase	Policyholder share of the increase
0-15%	100%
15-50%	90%
50-100%	75%
100-150%	65%
>150%	50%

For example, a blended increase of 70 percent would be sliced into three layers, consisting of 15 percent in the 0-15% layer, 35 percent in the 15-50% layer, and the remaining 20 percent in the 50-100% layer. The policyholder's share of a 70 percent blended increase would be 100% x 15% + 90% x 35% + 75% x 20% = 15% + 31.5% + 15% = 61.5%.

The example below illustrates the application of this method. It assumes that the minimum loss ratio applicable to the policy is 60 percent and that at the time of the rate increase filing, 40 percent of the original policyholders remain and are paying premium.

	Without current increase			**Premium at if knew level**			**Premium at make up level**			**With allowable rate increase**		
Experience	*Earned Premium*		*Incurred*	*Earned*	*Incurred*	*Loss*	*Earned*	*Incurred*	*Loss*	*Earned*	*Incurred*	*Loss*
Period	*Original*	*Actual*	*Claims*	*Premiums*	*Claims*	*Ratio*	*Premiums*	*Claims*	*Ratio*	*Premiums*	*Claims*	*Ratio*
Past	100	110	50	208	50	24%	110	50	45%	110	50	45%
Future	60	78	150	125	150	120%	223	150	67%	137	150	109%
Lifetime	160	188	200	333	200	60%	333	200	60%	247	200	81%
Loss ratio at the original premium level				125%								
Minimum loss ratio applicable to the form				60%		Layer	PH share					
If-knew increase				108%		15%	100%					
Make-up increase				272%		35%	90%					
Remaining policyholders percentage				40%		50%	75%					
Blended increase				174%		50%	65%					
Cost-sharing increase				128%		24%	50%					
Past rate increase				30%		174%						
Maximum allowable rate increase				76%								

There are many possible refinements of the basic approach described above, such as:

- reducing the allowable increase if the original premiums were unreasonably low (i.e. lower than a benchmark premium calculated using assumptions that are deemed appropriate for the period in which the policy was priced and issued)
- basing the if-knew and make-up increases on a measure of profitability rather than on a target or minimum loss ratio standard

- calculating present values using actual and expected investment returns rather than statutory valuation rates
- specifying how margins for adverse experience and waiver of premium benefits should be treated in the loss ratio calculation
- specifying the level of granularity of the rate increase calculation (i.e. whether the rate increase should vary by benefit features, underwriting criteria, etc.)

NAIC Model Regulation

Section 20.1(C)(2) of the Model Regulation describes a 58/85 loss ratio standard, which recognizes the lesser of actual or expected past claims. The allowable rate increase computed according to the Model Regulation's loss ratio standard applicable on the issue date of the policy, serves as a ceiling when using either of the above approaches.

Comparison of Approaches

Below are summaries of the results produced under each method for three actual rate filings received from three different carriers.

For each carrier, the earned premiums and incurred claims were multiplied by a random number to mask the carrier's actual data. Note that all yearly figures are discounted with interest:

Carrier #1

Summary of rate filing	
Type	Pre Rate Stabilized (Individual)
Rate increase history	40% in 2010; 25% in 2015
Cumulative rate prior increase	1.40 x 1.25 - 1 = 75%

	Accumulated and present values at 4.5% interest rate			
	Prior assumptions		Current assumptions	
	Earned premiums	Incurred claims	Earned premiums	Incurred claims
Past	29,881,320	30,254,745	29,312,302	30,254,745
Future	6,396,557	64,064,583	8,276,125	81,078,884
Lifetime	36,277,877	94,319,328	37,588,427	111,333,629

Summary of calculations	
Estimated % of active policyholders remaining	50%
Lifetime LR	296%
Maximum rate increase under 60/80 lifetime LR standard	1321%
Blended if-knew & makeup components:	
Makeup increase	3268%
"If knew" rate increase	498%
Blended with 50% active policyholders remaining:	1883%
With cost sharing	983%

Blended if-knew & makeup rate increase* (after backing out prior 69.6% cumulative rate increase)	**519%**
Prospective PV allowable rate increase	**238%**
* Rate increase assumes: (1) benchmark premium = original premium; and (2) 50% actives remaining.	

Carrier #2

Summary of rate filing	
Type	Rate stabilized (individual)
Rate increase history	None
Cumulative prior rate increase	0%

	Accumulated and present values at 4% interest rate			
	Prior assumptions		Current assumptions	
	Earned premiums	Incurred claims	Earned premiums	Incurred claims
Past	2,605,954	41,528	2,605,954	41,528
Future	4,537,414	3,795,819	4,382,489	5,514,785
Lifetime	7,143,367	3,837,347	6,988,442	5,556,313

Summary of calculations	
Estimated % of active policyholders remaining	71%
Lifetime LR	80%
Maximum rate increase under 58/85 lifetime LR standard	40%
Blended if-knew & makeup components:	
Makeup increase	59%
"If knew" rate increase	37%
Blended with 71% active policyholders remaining:	53%
With cost sharing	49%
Blended if-knew & makeup allowable rate increase[1, 2]	**49%**
Prospective PV allowable rate increase[2]	**49%**
[1] Rate increase assumes: (1) benchmark premium = original premium; and (2) 71% actives remaining. [2] The allowable rate increase would be limited to 40% based on the 58/85 lifetime loss ratio standard.	

Carrier #3

Summary of rate filing	
Type	Rate stabilized (individual)
Rate increase history	None
Cumulative prior rate increase	0%

	Accumulated and present values at 4.5% interest rate			
	Prior assumptions		Current assumptions	
	Earned premiums	Incurred claims*	Earned premiums	Incurred claims*
Past	1,272,279	221,055	1,272,279	221,055

Future	659,852	1,098,641	864,521	2,561,128
Lifetime	1,932,131	1,319,696	2,136,800	2,782,183

* Projected incurred claims include a 10% moderately adverse experience load.

Summary of calculations	
Estimated % of active policyholders remaining	77%
Lifetime LR	130%
Maximum rate increase under 58/85 lifetime LR standard	210%
Blended if-knew & makeup components:	
Makeup increase	308%
"If knew" rate increase	124%
Blended with 77% active policyholders remaining:	266%
With cost sharing	174%
Blended if-knew & makeup allowable rate increase*	**174%**
Prospective PV allowable rate increase	**183%**
* Rate increase assumes: (1) benchmark premium = original premium; and (2) 77% actives remaining.	

Other Considerations

Premium Rate Increase Caps

Some states, either by regulation or administrative practice, place caps on premium rate increases. In particular, New Hampshire adopted a rule that caps rate increases based on the insured's attained age. In general, caps implemented by states have no actuarial basis, but instead are arbitrarily administered.

Although it is understandable that states may favor arbitrary caps in the interest of protecting policyholders from large rate increases, one concern is a potential solvency risk if actuarially justified rate increases are postponed along with the potential for substantial reductions in benefits due to state-specific guaranty fund limits. In addition, the need for future rate increases will be greater based on the degree to which requested rate increases are capped. Many states have worked with companies to successfully address large rate increases through the use of a pre-approved series of incremental increases, allowing rates to reach the appropriate level while fully informing the policyholders of the timing and amount of the full series of increases.

Delays in Filing and Delays in Approval of Rate Increases

Similar to arbitrary rate caps, delays in implementing actuarially justified rate increases due to either a carrier failing to file a needed rate increase, or delays in the regulatory approval of a needed rate increase, can pose a potential solvency risk. Several LTC insurance carriers have commented that delays in the implementation of needed rate increases lead to significantly higher rate increases later. For example, one carrier with a large block of LTC business estimated that each one-year delay of a needed rate increase adds a 5 to 10 percentage point increase to the needed rate increase.

Lifetime Loss Ratio Issue

Some regulators believe it is inappropriate to approve a rate increase that would lead to a lower projected lifetime loss ratio than in the prior rate increase filing. Where the prior filing was consistent with actuarially certified adequate premiums this would generally be an appropriate expectation unless sufficient justification is provided for an exception. Where the prior rate filing was not consistent with actuarially certified adequate premiums (e.g. most pre-rate stability business or filings limited by rate caps) or the company noted in its filing that if experience did not improve that additional rate increase filings are likely, the projected loss ratio from such a prior filing is not an appropriate limit.

State:	Virginia	**Filing Company:**	John Hancock Life Insurance Company (USA)
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2019 Inforce Rate Increases - JH LE		
Project Name/Number:	2019 Inforce Rate Increases - JH LE/		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	02/16/2021
Submitted Date	02/16/2021

Dear Bill Dismore,

Introduction:

Thank you for your letter.

Response 1

Comments:

The policyholder letters and forms applicable to this rate filing has been approved on 2/16/2021

Related Objection 1

Comments: This filing is pending the completion of the policyholder letter review under MULF-132319248.

Please respond to this objection when the questions about the policyholder letter have been answered.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Michelle Fluet

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	06/30/2020
Submitted Date	06/30/2020

Dear Bill Dismore,

Introduction:

Thank you for your letter.

Response 1

Comments:

Please find our response to your June 8, 2020 objection on the Supporting Documentation tab labeled as "Response to 6/8/20 objection".

Related Objection 1

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please explain why the Before Proposed Increase values in Exhibit 1 differ from those in the PPV Method exhibit for both the Base and Catchup calculations.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response to 6/8/20 objection
Comments:	
Attachment(s):	VA LE 6-8-2020 Objection Response.pdf Updated VA LE shared cost landing spot.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

Please find our response to your June 8, 2020 objection on the Supporting Documentation tab labeled as "Response to 6/8/20 objection".

Related Objection 2

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide the Net Level Premium Reserve balance for this block of policies as of 12/31/2018.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments:

Please find our response to your June 8, 2020 objection on the Supporting Documentation tab labeled as "Response to 6/8/20 objection".

Related Objection 3

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide the total claim count for both a) this block of policies and b) the full data set used to set the morbidity assumptions.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 4

Comments:

Please find our response to your June 8, 2020 objection on the Supporting Documentation tab labeled as "Response to 6/8/20 objection".

Related Objection 4

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please quantify the impact of the Companys choice to use only the 5-year period of 2013-2017 to set its experience assumptions vs. all historical data.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 5

Comments:

Please find our response to your June 8, 2020 objection on the Supporting Documentation tab labeled as "Response to 6/8/20 objection".

Related Objection 5

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Are any adjustments made by policy form or block to adjust the total company assumptions derived in the experience studies to reflect policy characteristics of each individual block?

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Should you have any additional questions or concerns, please do not hesitate to contact us.

Sincerely,

Michelle Fluet

State:	*Virginia*	**Filing Company:**	*John Hancock Life Insurance Company (USA)*
TOI/Sub-TOI:	*LTC03I Individual Long Term Care/LTC03I.001 Qualified*		
Product Name:	*2019 Inforce Rate Increases - JH LE*		
Project Name/Number:	*2019 Inforce Rate Increases - JH LE/*		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	05/15/2020
Submitted Date	05/15/2020

Dear Bill Dismore,

Introduction:

Thank you for your letter and for speaking with me regarding this request.

Response 1

Comments:

As per our phone call today, the Rate Review Filing Checklist is not applicable to long term care insurance.

Related Objection 1

Applies To:

- Product Checklist (Supporting Document)

Comments: Please review, sign and date the Rate Review Filing Checklist found in SERFF and attach this to the Product Checklist under the Supporting Documentation tab.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Should you have any additional questions or concerns, please do not hesitate to contact us.

Sincerely,

Michelle Fluet

State:	Virginia	**Filing Company:**	John Hancock Life Insurance Company (USA)
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2019 Inforce Rate Increases - JH LE		
Project Name/Number:	2019 Inforce Rate Increases - JH LE/		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	05/15/2020
Submitted Date	05/15/2020

Dear Bill Dismore,

Introduction:

Thank you for your letter.

Response 1

Comments:

Please find our response to your April 16, 2020 objection on the Supporting Documentation tab labeled as Response to 4/16/20 objection.

Related Objection 1

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Section 17. Requested Rate Increase

Please provide the SERFF tracking number for the prior filing referred to in item 1. in which the lifetime loss ratio of 69.4% was calculated.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response to 4/16/20 objection
Comments:	
Attachment(s):	VA LE 4-16-2020 Objection Response.pdf 2019 Retail LE Rate Increase Filing Summary.xlsx VA LE Exhibits.xlsx Cost Sharing Calculations.xlsx Prospective Present Value Calculations.xlsx

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

Please find our response to your April 16, 2020 objection on the Supporting Documentation tab labeled as Response to 4/16/20 objection.

Related Objection 2

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide the Nationwide current average premium and number of policies for each form.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments:

Please find our response to your April 16, 2020 objection on the Supporting Documentation tab labeled as Response to 4/16/20 objection.

Related Objection 3

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide all projections required to calculate the increase allowed under the Prospective PV Approach and the Blended If-Knew/Make-up Approach (see attached description).

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 4

Comments:

Please find our response to your April 16, 2020 objection on the Supporting Documentation tab labeled as Response to 4/16/20 objection.

Related Objection 4

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please provide sufficient detail or documentation so that any projections can be recreated. Please provide a copy of all projections in Excel with working formulas.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 5

Comments:

Please find our response to your April 16, 2020 objection on the Supporting Documentation tab labeled as Response to 4/16/20 objection.

Related Objection 5

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please advise in which states the company has requested rate increases on this block and describe how the rate changes requested in Virginia compare with those in other states, along with a listing of the status of the rate reviews in those other states.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 6

Comments:

Please find our response to your April 16, 2020 objection on the Supporting Documentation tab labeled as Response to 4/16/20 objection.

Related Objection 6

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Is the intent of the company to not request any further rate increases if the proposed rate increase is approved and the experience develops as projected? If not, please explain.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 7

Comments:

Please find our response to your April 16, 2020 objection on the Supporting Documentation tab labeled as Response to 4/16/20 objection.

Related Objection 7

Applies To:

- *L&H Actuarial Memorandum (Supporting Document)*

Comments: Please advise if there are any active partnership policies in Virginia.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Should you have any additional questions or concerns, please do not hesitate to contact us.

Sincerely,

Michelle Fluet

State:	*Virginia*	**Filing Company:**	*John Hancock Life Insurance Company (USA)*
TOI/Sub-TOI:	*LTC03I Individual Long Term Care/LTC03I.001 Qualified*		
Product Name:	*2019 Inforce Rate Increases - JH LE*		
Project Name/Number:	*2019 Inforce Rate Increases - JH LE/*		

Reviewer Note

Created By:

Bill Dismore on 09/22/2020 08:27 AM

Last Edited By:

Bill Dismore

Submitted On:

12/14/2020 07:07 AM

Subject:

Actuarial Final Summary & Opinion

Comments:

7/21/2020 - ARC Final Summary and Opinion Report

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July 21, 2020

Life and Health Division
Bureau of Insurance
State Corporation Commission
P. O. Box 1157
Richmond, VA 23218

Subject: **Long Term Care Rate Increase Report**
SERFF Tracking #MULF-132318711

At the request of the Virginia SCC Bureau of Insurance (the "Bureau"), I have reviewed the filing for the above captioned submission from **John Hancock Life Insurance Company (USA)** (the "Company"). This is a rate increase filing pursuant to the requirements of 14VAC5-200-153 for the Company's post-stability blocks of Individual Long Term Care Insurance.

Recommendation

My review of this filing was performed according to the provisions of 14VAC5-200-153. Applicable Actuarial Standards of Practice were considered, including Actuarial Standard of Practice No. 18, "Long-Term Care Insurance" and Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans". After review of the Company's submission, I believe that the Company has demonstrated that the request is in compliance with all applicable regulations and standards and therefore recommend the Bureau approve the requested increases.

Historical Background

The forms subject to this filing are referred to as the Leading Edge (LE) block, which were issued from 2006-2011. Since all policies are issued 10/1/2003 and later, they are subject to 14VAC5-200-153.

Relevant statistics on these policies are shown in the chart below:

Series	Previous Increases	# of Policyholders	Requested Increase	Cumulative Increase
LE	none	2,007	15.7% to 62.2%; Avg 32.6%	32.6%

Requests were sent to the Company for additional information and the Company's responses clarified issues which arose during the course of my review. The Bureau was involved in all correspondence with the Company.

Methodology

My approach was to a) review the submitted filing materials, b) check the filing contents and assumptions for compliance with all relevant regulations, c) verify the calculations in the supplied exhibits, d) review the projections for reasonableness, and e) analyze the current increase and cumulative increase in Virginia relative to other states.

Assumptions

Morbidity – the morbidity assumptions are derived from a study of Company experience completed in 2019 based on data from 2013-2017. With this study, the Company has changed from a claim cost model to a first-principles model. Future improvement is assumed at 0.5% per year through attained age 100. The morbidity A/E ratios are 96% for incidence, 99% for terminations, and 98% for utilization. This assumption is based on approximately 29,600 claims, of which about 2,000 are for the CCII+ policy form, giving the data full credibility.

Voluntary Lapse – the lapse assumptions vary by issue age, inflation, and duration; the lapse rate for inflation policies dips to 0.38% to 0.99% before rising again at advanced attained ages; for non-inflation policies, the range is 0.54% to 1.67%; the original ultimate lapse rate assumption was 0.85%-0.95% for LE; the A/E result for the five year period ending 12/31/2017 was 99% to 100% overall and for durations 16+ was 86% to 117%. A shock lapse of 1.3% is assumed due to the increase.

Mortality – 2012 IAM Table with 7 years of improvement and adjustment factors which vary by plan, underwriting class, marital status, issue age, duration and gender, based on past experience. Future improvement is assumed of 1.0% through age 85, grading down to 0% by age 105. The A/E result for the five year period ending 12/31/2017 was 101%.

Projections

The Company has provided Excel exhibits supporting the nationwide loss ratio calculations as of 12/31/2018. We have used that data to produce the loss ratios below:

			Lifetime Loss Ratio*		Future Loss Ratio w/ALR*	
Benefit Period	**Inflation**	**Original Pricing LR***	**Before Incr**	**With Increase**	**Before Incr**	**With Increase**
All	All	66.8%	77.7%	68.7%	122%	95%

* using the average valuation interest rate for discounting

58/85 Test

Using the more restrictive test where the greater of the original loss ratio and 58% is used, the results are as follows:

	Required Claims	Projected Claims	P/F
CCI	1,136M	1,136M	PASS

PV of Future Loss Test

The goal of this test is to ensure that, when looking only into the future, the company is not in a better position financially than if the assumptions were to play out according to original assumptions (except for interest). This is done by calculating the present value of the future expected loss under original assumptions and comparing that to the current assumptions with and without the proposed premium action. For this filing, the loss is greater with the increase than original assumptions, so this test would not limit the increase.

		PV Future Loss (in millions)			
Benefit Period	**Inflation**	**Original**	**Before Incr**	**With Incr**	**Allowable**
All	All	-260	-556	-369	full

Prospective PV Approach

The details of this test are shown in the file “Prospective Present Value Calculations.xlsx” and would allow an increase of 40.6% based on the change in assumptions.

If-Knew/Makeup Blend Approach

The details of this test are shown in the file “Cost Sharing Calculations.xlsx” and would allow an increase of 34.8%.

Comparison of Increases Versus Other States

The Company provided the status of rate increases by state for each plan. The rate increase to match the average is shown in the chart below:

	Previous in VA	Nationwide Avg w/o VA	Allowable
CCI	0.0%	10.6%	10.6%

Note that this is the first rate increase in Virginia. The rate increases in other states range from 0% to 27%. Since the cumulative increase is still rather low, I don’t recommend any reduction based on this measure.

Alternatives to Rate Increase

Inflation Landing Spots

The Company is proposing inflation landing spot options in lieu of a rate increase for policyholders who currently have inflation coverage on their policies. The actual landing spot varies depending on whether the insured has elected a landing spot in prior increases. They state that the inflation reductions are actuarially equivalent to the rate increase in the aggregate, but any broad-brush approach like this will not be equitable on an individual policyholder level since the aggregate calculation means that some policyholders would be better and some worse than the average. Most policyholders are not sophisticated enough to determine whether acceptance of the reduced inflation landing spot would be of equivalent value to an increase in premium. At a minimum, the Bureau should require the Company to provide a prominent disclosure that all options available to the policyholder may not be of equal value.

Shared Cost Option

In return for no premium increase, a kind of coinsurance is introduced in the benefits which the Company calls the Shared Cost percentage (SC%). The SC% varies by issue age, inflation and benefit period. So if, for example, the SC% is 15%, then the policy will pay 85% of the covered charges up to 85% of the previous benefit maximum for any future claims.

In the previous rate filing (see Reviewer Note "Shared Cost % Option" in MULF-131210202), I had asked about the seemingly erratic levels of the SC% by pricing cell and the Company responded with their rationale for the assumptions that were made. While not perfect, they have attempted to provide a better fit for policyholder equity by cell in the method they used.

Reliance and Qualifications

I am providing this letter to the Bureau as the sole intended user. The scope of the review relates only to compliance with applicable laws and regulations relating to the actuarial aspects of the filing under consideration, and the intended purpose is to communicate my findings regarding this filing. Distribution of this letter to parties other than the Bureau by me or any other party does not constitute advice by me to those parties. The reliance of parties other than the Bureau on any aspect of this work is not authorized by me and is done at their own risk.

In arriving at my opinion, I used and relied on information provided by the Company and the Bureau without independent investigation or verification. If this information is inaccurate, incomplete, or out of date, my findings and conclusions may need to be revised. While I have relied on the data provided without independent investigation or verification, I have reviewed the data for consistency and reasonableness. In the event that I found the data inconsistent or unreasonable, I have requested clarification.

I am a member of the American Academy of Actuaries and meet that body's Qualification Standards to render this opinion. I am responsible for this work and have utilized generally accepted actuarial methodologies in arriving at my opinion.

If you have any questions regarding this filing, please contact me for discussion.

Sincerely,

Shawn D. Parks, FSA, MAAA

State:	*Virginia*	**Filing Company:**	*John Hancock Life Insurance Company (USA)*
TOI/Sub-TOI:	*LTC03I Individual Long Term Care/LTC03I.001 Qualified*		
Product Name:	*2019 Inforce Rate Increases - JH LE*		
Project Name/Number:	*2019 Inforce Rate Increases - JH LE/*		

Reviewer Note

Created By:

Bill Dismore on 04/16/2020 01:14 PM

Last Edited By:

Bill Dismore

Submitted On:

02/18/2021 09:41 AM

Subject:

RRS

Comments:

Rate Review Summary

Long Term Care Insurance Rate Request Summary
Part 1 – To Be Completed By Company

Company Name and NAIC Number: John Hancock Life Insurance Company (U.S.A), 69477

SERFF Tracking Number: MULF-132318711

Revised Rates

Average Annual Premium Per Member: $1,890

Average Requested Percentage Rate Change Per Member: 32.6%

Range of Requested Rate Changes: 15.7% to 62.2%

Number of Virginia Policyholders Affected: 2,007

Form Number	Product Name	Issue Dates	Prior Rate Increases – Date and Percentage Approved	Outlook for Future Rate Increases
LTC-06 VA	Leading Edge	October 2006 – March 2011		If the requested premium rate schedule increase is implemented and the underlying assumptions are realized, no further premium rate schedule increases are anticipated.

Attach a narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.

This document is prepared by the carrier to help explain the requested rate change and is only a summary of the company's request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing at https://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx.

(Rev. 06/19)

Summary of the John Hancock's 2019 Rate Increase Request on John Hancock Life Insurance Leading Edge Policy Series

When pricing a long-term care insurance product, insurance companies use the best available information at that time to predict how many policyholders might ultimately use the benefit in the future. This involves making certain assumptions about a variety of factors including: particular medical conditions, the expected lifespan of policyholders, the length of time policyholders keep their policies, and the cost of receiving long-term care services. If the actual experience differs in an unfavorable way from the expected experience based on these assumptions, a premium rate increase may become necessary. John Hancock previously requested and implemented rate increases on the John Hancock Life Insurance Company long-term care policy series in 2013. In 2017, experience had sufficiently deteriorated to enable us to request another rate increase. Prior to approval of that request in 2019, we withdrew the filing because we were entering into new inflation hedges that had more favorable terms than what was assumed in our original pricing. The current filing incorporates the impact of the more favorable hedges as well as new assumptions developed in our 2019 experience studies.

John Hancock continuously monitors the experience of our in-force LTC insurance policies. Our most recent analysis demonstrates that claims continue to last longer than expected. Unfortunately, based on that data, we have determined that there is a need to increase premiums so we can meet our future claims obligations.

Increases will vary by issue age, inflation, benefit period, policy series, and state. The filing will vary by state based on the amount and timing of prior increases that we were permitted to implement in that state. In this way, policyholders are not subsidizing policyholders in other states.

In Virginia, on our John Hancock Life Insurance Company block of business, we are requesting an average rate increase of 32.6% which ranges from 15.7% to 62.2%. This includes the Leading Edge policy forms.

No individual has been singled out for an increase, nor is the increase due to a policyholder's advancing age or changing health. John Hancock's decision to increase premiums on certain policies is based upon the future claims anticipated on these policies.

As with the 2013 rate action, there will be a number of benefit adjustment options to help keep premiums at or close to their current level. For example, policyholders will have the option of electing the new, actuarially equivalent Shared Cost option. Customers can also reduce their benefit period, adjust their daily/monthly benefit amount, extend their elimination period, or drop riders from their coverage.

After the rate increase is accepted by the Virginia Insurance Department, affected policyholders will be provided with an extensive and personalized notification communication at least 90 days prior to the effective date, which will describe the increase and options available to mitigate the impact of the rate increase. In addition, customer support will be available through a dedicated customer service team in order to help our policyholders navigate through their choices and respond to any questions.

Long Term Care Insurance Rate Request Summary
Part 2 –To Be Completed by Bureau of Insurance

Company Name and NAIC Number: **John Hancock Life Insurance Company (USA)**- NAIC # 65838

SERFF Tracking Number: MULF-132318711

Disposition: Approved

Approval Date: 2/18/2021

Revised Rates

Average Annual Premium Per Member: $1,890

Average Requested Percentage Rate Change Per Member: 32.6%

Minimum Requested Percentage Rate Change Per Member: 15.7%

Maximum Requested Percentage Rate Change Per Member: 62.2%

Number of Policy Holders Affected: 2,007

Summary of the Bureau of Insurance's review of the rate request:

The Company requested, and the Bureau approved an average rate increase of 32.6% for this block of individual long-term care insurance policy forms.

The filing was reviewed by the Bureau's consulting actuary and determined to comply with the requirements for a rate increase set forth in 14VAC5-200-153 of the Virginia Administrative Code for policies issued on October 1, 2003 and later. The review indicated that the anticipated loss ratio, reflecting claims payout, will be 68.7% with the increase, which exceeds the minimum required loss ratio of 60%.

The Company has advised that they do not intend to request future rates increases on this block unless the actual experience is worse than projected.

The primary reasons for the rate increase are that policyholders are living longer and keeping their policies in force longer, which has resulted in more claims being filed than the Company anticipated when the policy was originally priced. The Company determined that a premium increase is necessary to reflect that future claims are expected to be significantly higher on these policies than originally expected or priced and to ensure that sufficient funds are available to pay claims.

The Company is offering all policyholders options to reduce the premium increase by reducing their coverage. These reductions could be in the form of lower daily benefits, a shorter benefit period, a longer elimination period, the termination of riders or any combination of these reductions, or a paid-up policy. Specific options are included in the letter sent to all policyholders notifying them of the rate increase and can be discussed with the Company by calling its customer service department.

The filing can be reviewed on the Bureau's webpage under the Rate/Policy Form Search at:
https://scc.virginia.gov/boi/SERFFInquiry/LtcFilings.aspx

Rate Information

Rate data applies to filing.

Filing Method: Review & Approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: %
Effective Date of Last Rate Revision:
Filing Method of Last Filing: Review & Approval
SERFF Tracking Number of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
John Hancock Life Insurance Company (USA)	32.600%	32.600%	$1,235,437	2,007	$3,788,863	62.200%	15.700%

State: Virginia **Filing Company:** John Hancock Life Insurance Company (USA)
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2019 Inforce Rate Increases - JH LE
Project Name/Number: 2019 Inforce Rate Increases - JH LE/

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Rate Table	LTC-06 VA	Revised	Previous State Filing Number: 007 0000026263 Percent Rate Change Request: 32.6	LTC-06 VA.pdf,

Appendix B1
John Hancock Life Insurance Company (U.S.A.)
LTC-06 VA
Premiums to be used only with those
that have not previously elected an inflation decrease option

Standard rates per $10 of Daily Coverage
100 Day Elimination Period

Age	5% Compound Guaranteed Purchase			Automatic Inflation			5% Compound Inflation		
	Benefit Period			Benefit Period			Benefit Period		
	3 Years	5 Years	5 Years + $1M Rider	3 Years	5 Years	5 Years + $1M Rider	3 Years	5 Years	5 Years + $1M Rider
18-29	19.46	25.95	37.30	63.61	80.49	112.94	124.87	184.87	265.96
30	21.08	29.19	42.16	67.51	84.38	119.43	134.60	194.60	278.93
31	22.70	30.81	43.79	68.80	86.98	122.03	137.84	197.85	283.80
32	24.33	32.43	47.03	70.10	88.28	124.63	141.09	201.09	290.28
33	25.95	34.06	48.65	72.70	90.87	128.52	144.33	204.33	296.77
34	27.57	35.68	51.89	74.00	92.17	131.12	145.95	209.20	301.64
35	29.19	37.30	53.52	75.30	94.77	133.71	149.20	212.44	308.12
36	30.81	40.54	58.38	76.59	97.36	137.61	152.44	215.69	314.61
37	32.43	42.16	61.62	79.19	98.66	140.20	157.30	220.55	321.10
38	34.06	43.79	63.25	80.49	101.26	144.10	160.55	223.79	327.58
39	35.68	47.03	66.49	83.08	103.86	146.70	163.79	228.66	334.07
40	37.30	48.65	69.73	84.38	106.45	150.59	167.04	231.90	340.56
41	38.92	51.89	72.98	86.98	110.35	155.78	170.28	235.15	345.42
42	42.16	55.14	77.84	90.87	114.24	160.98	173.52	236.77	351.91
43	43.79	58.38	82.71	93.47	118.14	167.47	176.77	240.01	356.77
44	47.03	61.62	87.57	97.36	122.03	172.66	180.01	243.25	363.26
45	48.65	64.87	92.44	99.96	127.22	179.15	183.25	246.50	368.13
46	51.89	68.11	97.30	103.86	131.12	185.64	186.50	249.74	374.61
47	55.14	72.98	102.17	107.75	136.31	192.13	189.74	251.36	381.10
48	58.38	76.22	108.65	111.64	140.20	198.62	192.98	254.61	385.96
49	61.62	81.08	115.14	115.54	145.40	205.11	197.85	257.85	392.45
50	64.87	85.95	121.63	119.43	150.59	212.90	201.09	261.09	398.94
51	68.11	89.19	128.11	123.33	153.19	219.39	204.33	267.58	408.67
52	71.35	92.44	134.60	125.92	157.08	224.59	207.58	274.07	416.78
53	76.22	95.68	141.09	129.82	160.98	231.08	210.82	280.55	426.51
54	79.46	98.92	147.57	133.71	163.57	237.57	215.69	287.04	436.24
55	84.33	102.17	155.68	137.61	167.47	244.06	218.93	293.53	445.97
56	89.19	110.28	165.41	144.10	175.26	255.74	228.66	304.88	467.05
57	94.06	116.76	176.77	151.89	184.34	268.73	238.39	316.23	488.13
58	100.55	126.49	188.12	159.68	192.13	281.71	248.12	327.58	510.84
59	105.41	134.60	201.09	167.47	202.52	294.69	259.47	340.56	533.54
60	111.90	144.33	214.06	175.26	211.61	308.97	270.82	353.53	557.86
61	121.63	157.30	230.28	185.64	224.59	327.14	287.04	372.99	582.19
62	132.98	170.28	248.12	194.73	238.87	346.62	303.26	394.07	606.52
63	144.33	184.87	267.58	206.41	253.15	367.39	321.10	416.78	632.46
64	157.30	201.09	287.04	218.10	268.73	388.16	338.94	441.10	660.03
65	171.90	218.93	309.74	229.78	285.60	411.53	358.40	465.43	687.60
66	189.74	241.63	340.56	246.66	310.27	446.58	387.59	502.73	734.63
67	207.58	265.96	374.61	263.53	336.23	484.23	418.40	543.27	786.52
68	228.66	293.53	411.91	283.01	364.79	524.47	450.83	587.06	841.66
69	251.36	324.34	454.08	302.48	395.95	568.61	486.51	634.08	900.04
70	275.69	356.77	499.48	324.55	429.70	616.64	525.43	685.98	961.67
71	309.74	398.94	551.38	357.00	473.84	665.97	578.95	752.47	1042.75
72	350.29	444.35	608.14	393.35	521.87	717.90	638.95	827.07	1131.95
73	394.07	496.24	671.38	432.30	575.10	775.02	703.82	908.15	1227.63
74	435.00	537.52	741.12	476.44	634.82	836.04	772.11	979.43	1331.41
75	465.34	570.24	777.88	524.47	699.73	902.24	805.84	1019.36	1400.04
76	489.91	602.30	817.43	573.80	765.93	997.01	821.02	1055.12	1445.58
77	515.43	634.09	854.90	626.76	823.21	1102.17	831.67	1087.05	1485.46
78	539.40	664.43	889.98	652.79	860.64	1168.67	841.10	1117.72	1519.99
79	562.01	694.48	923.17	676.14	896.58	1215.40	845.62	1142.78	1547.50
80	575.43	712.70	940.02	701.72	936.73	1253.00	862.05		
81	632.54	784.08	1034.46	772.00	1030.07	1378.19	948.81		
82	696.23	862.05	1137.69	848.88	1133.30	1516.55	1043.25		
83	765.42	948.81	1251.90	933.43	1246.41	1668.10	1147.57		
84	842.29	1043.25	1377.09	1026.78	1371.60	1835.02	1262.88		
85	926.84	1147.57	1514.36	1130.00	1508.87	2018.41	1389.17		
86	1019.09	1262.88	1665.90	1243.11	1659.31	2220.47	1528.63		
87	1121.22	1389.17	1832.82	1367.20	1825.14	2442.30	1681.28		
88	1233.23	1528.63	2016.22	1504.47	2007.43	2686.09	1849.30		
89	1356.22	1681.28	2218.28	1654.92	2208.39	2955.14	2033.79		
90	1492.39	1849.30	2440.10	1820.74	2429.12	3250.54	2236.94		
91	1641.74	2033.79	2683.89						
92	1806.47	2236.94	2951.84						
93	1987.66	2460.97	3247.25						
94	2186.43	2706.96	3572.30						
95	2404.96	2978.20	3929.20						
96	2645.46	3275.80	4322.34						
97	2910.11	3603.05	4755.02						
98	3201.13	3963.25	5230.52						
99	3521.79	4359.68	5753.24						
100+	3874.30	4795.65	6328.68						

Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates,
or for attained age GPO purchases and GIO purchases only

Appendix C1
John Hancock Life Insurance Company (U.S.A.)
LTC-06 VA
Premiums to be used only with those
not previously elected a landing spot option

Standard rates per $10 of Daily Coverage
100 Day Elimination Period

Age	5% Compound Guaranteed Purchase with 2019 Shared Cost			2.9% Compound Inflation or 5.0% Compound Inflation with 2019 Shared Cost		
	Benefit Period			Benefit Period		
	3 Years	5 Years	5 Years + $1M Rider	3 Years	5 Years	5 Years + $1M Rider
18-29	12.00	16.00	23.00	77.00	114.00	164.00
30	13.00	18.00	26.00	83.00	120.00	172.00
31	14.00	19.00	27.00	85.00	122.00	175.00
32	15.00	20.00	29.00	87.00	124.00	179.00
33	16.00	21.00	30.00	89.00	126.00	183.00
34	17.00	22.00	32.00	90.00	129.00	186.00
35	18.00	23.00	33.00	92.00	131.00	190.00
36	19.00	25.00	36.00	94.00	133.00	194.00
37	20.00	26.00	38.00	97.00	136.00	198.00
38	21.00	27.00	39.00	99.00	138.00	202.00
39	22.00	29.00	41.00	101.00	141.00	206.00
40	23.00	30.00	43.00	103.00	143.00	210.00
41	24.00	32.00	45.00	105.00	145.00	213.00
42	26.00	34.00	48.00	107.00	146.00	217.00
43	27.00	36.00	51.00	109.00	148.00	220.00
44	29.00	38.00	54.00	111.00	150.00	224.00
45	30.00	40.00	57.00	113.00	152.00	227.00
46	32.00	42.00	60.00	115.00	154.00	231.00
47	34.00	45.00	63.00	117.00	155.00	235.00
48	36.00	47.00	67.00	119.00	157.00	238.00
49	38.00	50.00	71.00	122.00	159.00	242.00
50	40.00	53.00	75.00	124.00	161.00	246.00
51	42.00	55.00	79.00	126.00	165.00	252.00
52	44.00	57.00	83.00	128.00	169.00	257.00
53	47.00	59.00	87.00	130.00	173.00	263.00
54	49.00	61.00	91.00	133.00	177.00	269.00
55	52.00	63.00	96.00	135.00	181.00	275.00
56	55.00	68.00	102.00	141.00	188.00	288.00
57	58.00	72.00	109.00	147.00	195.00	301.00
58	62.00	78.00	116.00	153.00	202.00	315.00
59	65.00	83.00	124.00	160.00	210.00	329.00
60	69.00	89.00	132.00	167.00	218.00	344.00
61	75.00	97.00	142.00	177.00	230.00	359.00
62	82.00	105.00	153.00	187.00	243.00	374.00
63	89.00	114.00	165.00	198.00	257.00	390.00
64	97.00	124.00	177.00	209.00	272.00	407.00
65	106.00	135.00	191.00	221.00	287.00	424.00
66	117.00	149.00	210.00	239.00	310.00	453.00
67	128.00	164.00	231.00	258.00	335.00	485.00
68	141.00	181.00	254.00	278.00	362.00	519.00
69	155.00	200.00	280.00	300.00	391.00	555.00
70	170.00	220.00	308.00	324.00	423.00	593.00
71	191.00	246.00	340.00	357.00	464.00	643.00
72	216.00	274.00	375.00	394.00	510.00	698.00
73	243.00	306.00	414.00	434.00	560.00	757.00
74	273.00	342.00	457.00	478.00	615.00	821.00
75	308.00	382.00	505.00	527.00	675.00	890.00
76	343.00	426.00	563.00	569.00	739.00	978.00
77	383.00	475.00	627.00	613.00	808.00	1074.00
78	427.00	529.00	698.00	662.00	885.00	1180.00
79	476.00	590.00	778.00	714.00	968.00	1297.00
80	524.00	649.00	856.00	785.00		
81	576.00	714.00	942.00	864.00		
82	634.00	785.00	1036.00	950.00		
83	697.00	864.00	1140.00	1045.00		
84	767.00	950.00	1254.00	1150.00		
85	844.00	1045.00	1379.00	1265.00		
86	928.00	1150.00	1517.00	1392.00		
87	1021.00	1265.00	1669.00	1531.00		
88	1123.00	1392.00	1836.00	1684.00		
89	1235.00	1531.00	2020.00	1852.00		
90	1359.00	1684.00	2222.00	2037.00		
91	1495.00	1852.00	2444.00			
92	1645.00	2037.00	2688.00			
93	1810.00	2241.00	2957.00			
94	1991.00	2465.00	3253.00			
95	2190.00	2712.00	3578.00			
96	2409.00	2983.00	3936.00			
97	2650.00	3281.00	4330.00			
98	2915.00	3609.00	4763.00			
99	3207.00	3970.00	5239.00			
100+	3528.00	4367.00	5763.00			

See Appendix D for details on premium calculations for policyholders who elected the Shared Cost options
Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates, or for attained age GPO purchases and GIO purchases only

Supporting Document Schedules

Bypassed - Item:	Product Checklist
Bypass Reason:	Not applicable to this rate submission.
Attachment(s):	
Item Status:	Received & Acknowledged
Status Date:	02/18/2021

Bypassed - Item:	Certification of Compliance/Readability
Bypass Reason:	Readability not applicable to rate only filing
Attachment(s):	
Item Status:	Received & Acknowledged
Status Date:	05/15/2020

Satisfied - Item:	L&H Actuarial Memorandum
Comments:	
Attachment(s):	VA LE Appendix E.pdf VA LE filing package.pdf
Item Status:	Received & Acknowledged
Status Date:	05/15/2020

Satisfied - Item:	Long Term Care Insurance Rate Request Summary
Comments:	
Attachment(s):	VA 2019 LE Rate Summary.pdf
Item Status:	Received & Acknowledged
Status Date:	05/15/2020

Satisfied - Item:	Cover letter
Comments:	
Attachment(s):	VA LE 2019 JH Inforce Rate Increase Cover Letter.pdf
Item Status:	Received & Acknowledged
Status Date:	05/15/2020

Satisfied - Item:	Sample Policyholder Communication Package
Comments:	We will be using the communications currently pending approval under SERFF Tracking Number MULF-132319248
Attachment(s):	VA_LS_PH Communication 2019_Final.pdf VA_GPO_PH Communication 2019_Final.pdf

Item Status:	Received & Acknowledged
Status Date:	05/15/2020

Satisfied - Item:	Response to 4/16/20 objection
Comments:	
Attachment(s):	VA LE 4-16-2020 Objection Response.pdf 2019 Retail LE Rate Increase Filing Summary.xlsx VA LE Exhibits.xlsx Cost Sharing Calculations.xlsx Prospective Present Value Calculations.xlsx
Item Status:	Received & Acknowledged
Status Date:	05/15/2020

Satisfied - Item:	Response to 6/8/20 objection
Comments:	
Attachment(s):	VA LE 6-8-2020 Objection Response.pdf Updated VA LE shared cost landing spot.pdf
Item Status:	Received & Acknowledged
Status Date:	02/18/2021

State:	Virginia	**Filing Company:**	John Hancock Life Insurance Company (USA)
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2019 Inforce Rate Increases - JH LE		
Project Name/Number:	2019 Inforce Rate Increases - JH LE/		

Attachment 2019 Retail LE Rate Increase Filing Summary.xlsx is not a PDF document and cannot be reproduced here.

Attachment VA LE Exhibits.xlsx is not a PDF document and cannot be reproduced here.

Attachment Cost Sharing Calculations.xlsx is not a PDF document and cannot be reproduced here.

Attachment Prospective Present Value Calculations.xlsx is not a PDF document and cannot be reproduced here.

Appendix E
John Hancock Life Insurance Company (U.S.A.)
LTC-06 VA

Standard rates per $10 of Daily Coverage
100 Day Elimination Period
5% Compound Guaranteed Purchase

Age	Current Premium Rates			Proposed Premium Rates			Proposed Rate Increases		
	Benefit Period			Benefit Period			Benefit Period		
	3 Years	5 Years	5 Years + $1M Rider	3 Years	5 Years	5 Years + $1M Rider	3 Years	5 Years	5 Years + $1M Rider
18-29	12.00	16.00	23.00	19.46	25.95	37.30	62.2%	62.2%	62.2%
30	13.00	18.00	26.00	21.08	29.19	42.16	62.2%	62.2%	62.2%
31	14.00	19.00	27.00	22.70	30.81	43.79	62.2%	62.2%	62.2%
32	15.00	20.00	29.00	24.33	32.43	47.03	62.2%	62.2%	62.2%
33	16.00	21.00	30.00	25.95	34.06	48.65	62.2%	62.2%	62.2%
34	17.00	22.00	32.00	27.57	35.68	51.89	62.2%	62.2%	62.2%
35	18.00	23.00	33.00	29.19	37.30	53.52	62.2%	62.2%	62.2%
36	19.00	25.00	36.00	30.81	40.54	58.38	62.2%	62.2%	62.2%
37	20.00	26.00	38.00	32.43	42.16	61.62	62.2%	62.2%	62.2%
38	21.00	27.00	39.00	34.06	43.79	63.25	62.2%	62.2%	62.2%
39	22.00	29.00	41.00	35.68	47.03	66.49	62.2%	62.2%	62.2%
40	23.00	30.00	43.00	37.30	48.65	69.73	62.2%	62.2%	62.2%
41	24.00	32.00	45.00	38.92	51.89	72.98	62.2%	62.2%	62.2%
42	26.00	34.00	48.00	42.16	55.14	77.84	62.2%	62.2%	62.2%
43	27.00	36.00	51.00	43.79	58.38	82.71	62.2%	62.2%	62.2%
44	29.00	38.00	54.00	47.03	61.62	87.57	62.2%	62.2%	62.2%
45	30.00	40.00	57.00	48.65	64.87	92.44	62.2%	62.2%	62.2%
46	32.00	42.00	60.00	51.89	68.11	97.30	62.2%	62.2%	62.2%
47	34.00	45.00	63.00	55.14	72.98	102.17	62.2%	62.2%	62.2%
48	36.00	47.00	67.00	58.38	76.22	108.65	62.2%	62.2%	62.2%
49	38.00	50.00	71.00	61.62	81.08	115.14	62.2%	62.2%	62.2%
50	40.00	53.00	75.00	64.87	85.95	121.63	62.2%	62.2%	62.2%
51	42.00	55.00	79.00	68.11	89.19	128.11	62.2%	62.2%	62.2%
52	44.00	57.00	83.00	71.35	92.44	134.60	62.2%	62.2%	62.2%
53	47.00	59.00	87.00	76.22	95.68	141.09	62.2%	62.2%	62.2%
54	49.00	61.00	91.00	79.46	98.92	147.57	62.2%	62.2%	62.2%
55	52.00	63.00	96.00	84.33	102.17	155.68	62.2%	62.2%	62.2%
56	55.00	68.00	102.00	89.19	110.28	165.41	62.2%	62.2%	62.2%
57	58.00	72.00	109.00	94.06	116.76	176.77	62.2%	62.2%	62.2%
58	62.00	78.00	116.00	100.55	126.49	188.12	62.2%	62.2%	62.2%
59	65.00	83.00	124.00	105.41	134.60	201.09	62.2%	62.2%	62.2%
60	69.00	89.00	132.00	111.90	144.33	214.06	62.2%	62.2%	62.2%
61	75.00	97.00	142.00	121.63	157.30	230.28	62.2%	62.2%	62.2%
62	82.00	105.00	153.00	132.98	170.28	248.12	62.2%	62.2%	62.2%
63	89.00	114.00	165.00	144.33	184.87	267.58	62.2%	62.2%	62.2%
64	97.00	124.00	177.00	157.30	201.09	287.04	62.2%	62.2%	62.2%
65	106.00	135.00	191.00	171.90	218.93	309.74	62.2%	62.2%	62.2%
66	117.00	149.00	210.00	189.74	241.63	340.56	62.2%	62.2%	62.2%
67	128.00	164.00	231.00	207.58	265.96	374.61	62.2%	62.2%	62.2%
68	141.00	181.00	254.00	228.66	293.53	411.91	62.2%	62.2%	62.2%
69	155.00	200.00	280.00	251.36	324.34	454.08	62.2%	62.2%	62.2%
70	170.00	220.00	308.00	275.69	356.77	499.48	62.2%	62.2%	62.2%
71	191.00	246.00	340.00	309.74	398.94	551.38	62.2%	62.2%	62.2%
72	216.00	274.00	375.00	350.29	444.35	608.14	62.2%	62.2%	62.2%
73	243.00	306.00	414.00	394.07	496.24	671.38	62.2%	62.2%	62.2%
74	273.00	342.00	457.00	435.00	537.52	741.12	59.3%	57.2%	62.2%
75	308.00	382.00	505.00	465.34	570.24	777.88	51.1%	49.3%	54.0%
76	343.00	426.00	563.00	489.91	602.30	817.43	42.8%	41.4%	45.2%
77	383.00	475.00	627.00	515.43	634.09	854.90	34.6%	33.5%	36.3%
78	427.00	529.00	698.00	539.40	664.43	889.98	26.3%	25.6%	27.5%
79	476.00	590.00	778.00	562.01	694.48	923.17	18.1%	17.7%	18.7%
80	524.00	649.00	856.00	575.43	712.70	940.02	9.8%	9.8%	9.8%
81	576.00	714.00	942.00	632.54	784.08	1034.46	9.8%	9.8%	9.8%
82	634.00	785.00	1036.00	696.23	862.05	1137.69	9.8%	9.8%	9.8%
83	697.00	864.00	1140.00	765.42	948.81	1251.90	9.8%	9.8%	9.8%
84	767.00	950.00	1254.00	842.29	1043.25	1377.09	9.8%	9.8%	9.8%
85	844.00	1045.00	1379.00	926.84	1147.57	1514.36	9.8%	9.8%	9.8%
86	928.00	1150.00	1517.00	1019.09	1262.88	1665.90	9.8%	9.8%	9.8%
87	1021.00	1265.00	1669.00	1121.22	1389.17	1832.82	9.8%	9.8%	9.8%
88	1123.00	1392.00	1836.00	1233.23	1528.63	2016.22	9.8%	9.8%	9.8%
89	1235.00	1531.00	2020.00	1356.22	1681.28	2218.28	9.8%	9.8%	9.8%
90	1359.00	1684.00	2222.00	1492.39	1849.30	2440.10	9.8%	9.8%	9.8%
91	1495.00	1852.00	2444.00	1641.74	2033.79	2683.89	9.8%	9.8%	9.8%
92	1645.00	2037.00	2688.00	1806.47	2236.94	2951.84	9.8%	9.8%	9.8%
93	1810.00	2241.00	2957.00	1987.66	2460.97	3247.25	9.8%	9.8%	9.8%
94	1991.00	2465.00	3253.00	2186.43	2706.96	3572.30	9.8%	9.8%	9.8%
95	2190.00	2712.00	3578.00	2404.96	2978.20	3929.20	9.8%	9.8%	9.8%
96	2409.00	2983.00	3936.00	2645.46	3275.80	4322.34	9.8%	9.8%	9.8%
97	2650.00	3281.00	4330.00	2910.11	3603.05	4755.02	9.8%	9.8%	9.8%
98	2915.00	3609.00	4763.00	3201.13	3963.25	5230.52	9.8%	9.8%	9.8%
99	3207.00	3970.00	5239.00	3521.79	4359.68	5753.24	9.8%	9.8%	9.8%
100+	3528.00	4367.00	5763.00	3874.30	4795.65	6328.68	9.8%	9.8%	9.8%

Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates, or for attained age GPO purchases and GIO purchases only

Appendix E
John Hancock Life Insurance Company (U.S.A.)
LTC-06 VA

Standard rates per $10 of Daily Coverage
100 Day Elimination Period
Automatic Inflation

Age	Current Premium Rates			Proposed Premium Rates			Proposed Rate Increases		
	Benefit Period			Benefit Period			Benefit Period		
	3 Years	5 Years	5 Years + $1M Rider	3 Years	5 Years	5 Years + $1M Rider	3 Years	5 Years	5 Years + $1M Rider
18-29	49.00	62.00	87.00	63.61	80.49	112.94	29.8%	29.8%	29.8%
30	52.00	65.00	92.00	67.51	84.38	119.43	29.8%	29.8%	29.8%
31	53.00	67.00	94.00	68.80	86.98	122.03	29.8%	29.8%	29.8%
32	54.00	68.00	96.00	70.10	88.28	124.63	29.8%	29.8%	29.8%
33	56.00	70.00	99.00	72.70	90.87	128.52	29.8%	29.8%	29.8%
34	57.00	71.00	101.00	74.00	92.17	131.12	29.8%	29.8%	29.8%
35	58.00	73.00	103.00	75.30	94.77	133.71	29.8%	29.8%	29.8%
36	59.00	75.00	106.00	76.59	97.36	137.61	29.8%	29.8%	29.8%
37	61.00	76.00	108.00	79.19	98.66	140.20	29.8%	29.8%	29.8%
38	62.00	78.00	111.00	80.49	101.26	144.10	29.8%	29.8%	29.8%
39	64.00	80.00	113.00	83.08	103.86	146.70	29.8%	29.8%	29.8%
40	65.00	82.00	116.00	84.38	106.45	150.59	29.8%	29.8%	29.8%
41	67.00	85.00	120.00	86.98	110.35	155.78	29.8%	29.8%	29.8%
42	70.00	88.00	124.00	90.87	114.24	160.98	29.8%	29.8%	29.8%
43	72.00	91.00	129.00	93.47	118.14	167.47	29.8%	29.8%	29.8%
44	75.00	94.00	133.00	97.36	122.03	172.66	29.8%	29.8%	29.8%
45	77.00	98.00	138.00	99.96	127.22	179.15	29.8%	29.8%	29.8%
46	80.00	101.00	143.00	103.86	131.12	185.64	29.8%	29.8%	29.8%
47	83.00	105.00	148.00	107.75	136.31	192.13	29.8%	29.8%	29.8%
48	86.00	108.00	153.00	111.64	140.20	198.62	29.8%	29.8%	29.8%
49	89.00	112.00	158.00	115.54	145.40	205.11	29.8%	29.8%	29.8%
50	92.00	116.00	164.00	119.43	150.59	212.90	29.8%	29.8%	29.8%
51	95.00	118.00	169.00	123.33	153.19	219.39	29.8%	29.8%	29.8%
52	97.00	121.00	173.00	125.92	157.08	224.59	29.8%	29.8%	29.8%
53	100.00	124.00	178.00	129.82	160.98	231.08	29.8%	29.8%	29.8%
54	103.00	126.00	183.00	133.71	163.57	237.57	29.8%	29.8%	29.8%
55	106.00	129.00	188.00	137.61	167.47	244.06	29.8%	29.8%	29.8%
56	111.00	135.00	197.00	144.10	175.26	255.74	29.8%	29.8%	29.8%
57	117.00	142.00	207.00	151.89	184.34	268.73	29.8%	29.8%	29.8%
58	123.00	148.00	217.00	159.68	192.13	281.71	29.8%	29.8%	29.8%
59	129.00	156.00	227.00	167.47	202.52	294.69	29.8%	29.8%	29.8%
60	135.00	163.00	238.00	175.26	211.61	308.97	29.8%	29.8%	29.8%
61	143.00	173.00	252.00	185.64	224.59	327.14	29.8%	29.8%	29.8%
62	150.00	184.00	267.00	194.73	238.87	346.62	29.8%	29.8%	29.8%
63	159.00	195.00	283.00	206.41	253.15	367.39	29.8%	29.8%	29.8%
64	168.00	207.00	299.00	218.10	268.73	388.16	29.8%	29.8%	29.8%
65	177.00	220.00	317.00	229.78	285.60	411.53	29.8%	29.8%	29.8%
66	190.00	239.00	344.00	246.66	310.27	446.58	29.8%	29.8%	29.8%
67	203.00	259.00	373.00	263.53	336.23	484.23	29.8%	29.8%	29.8%
68	218.00	281.00	404.00	283.01	364.79	524.47	29.8%	29.8%	29.8%
69	233.00	305.00	438.00	302.48	395.95	568.61	29.8%	29.8%	29.8%
70	250.00	331.00	475.00	324.55	429.70	616.64	29.8%	29.8%	29.8%
71	275.00	365.00	513.00	357.00	473.84	665.97	29.8%	29.8%	29.8%
72	303.00	402.00	553.00	393.35	521.87	717.90	29.8%	29.8%	29.8%
73	333.00	443.00	597.00	432.30	575.10	775.02	29.8%	29.8%	29.8%
74	367.00	489.00	644.00	476.44	634.82	836.04	29.8%	29.8%	29.8%
75	404.00	539.00	695.00	524.47	699.73	902.24	29.8%	29.8%	29.8%
76	442.00	590.00	768.00	573.80	765.93	997.01	29.8%	29.8%	29.8%
77	484.00	646.00	849.00	626.76	823.21	1102.17	29.5%	27.4%	29.8%
78	531.00	708.00	938.00	652.79	860.64	1168.67	22.9%	21.6%	24.6%
79	581.00	775.00	1037.00	676.14	896.58	1215.40	16.4%	15.7%	17.2%
80	639.00	853.00	1141.00	701.72	936.73	1253.00	9.8%	9.8%	9.8%
81	703.00	938.00	1255.00	772.00	1030.07	1378.19	9.8%	9.8%	9.8%
82	773.00	1032.00	1381.00	848.88	1133.30	1516.55	9.8%	9.8%	9.8%
83	850.00	1135.00	1519.00	933.43	1246.41	1668.10	9.8%	9.8%	9.8%
84	935.00	1249.00	1671.00	1026.78	1371.60	1835.02	9.8%	9.8%	9.8%
85	1029.00	1374.00	1838.00	1130.00	1508.87	2018.41	9.8%	9.8%	9.8%
86	1132.00	1511.00	2022.00	1243.11	1659.31	2220.47	9.8%	9.8%	9.8%
87	1245.00	1662.00	2224.00	1367.20	1825.14	2442.30	9.8%	9.8%	9.8%
88	1370.00	1828.00	2446.00	1504.47	2007.43	2686.09	9.8%	9.8%	9.8%
89	1507.00	2011.00	2691.00	1654.92	2208.39	2955.14	9.8%	9.8%	9.8%
90	1658.00	2212.00	2960.00	1820.74	2429.12	3250.54	9.8%	9.8%	9.8%
91									
92									
93									
94									
95									
96									
97									
98									
99									
100+									

Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates,
or for attained age GPO purchases and GIO purchases only

Appendix E
John Hancock Life Insurance Company (U.S.A.)
LTC-06 VA

Standard rates per $10 of Daily Coverage
100 Day Elimination Period
5% Compound Inflation

Age	Current Premium Rates			Proposed Premium Rates			Proposed Rate Increases		
	Benefit Period			Benefit Period			Benefit Period		
	3 Years	5 Years	5 Years + $1M Rider	3 Years	5 Years	5 Years + $1M Rider	3 Years	5 Years	5 Years + $1M Rider
18-29	77.00	114.00	164.00	124.87	184.87	265.96	62.2%	62.2%	62.2%
30	83.00	120.00	172.00	134.60	194.60	278.93	62.2%	62.2%	62.2%
31	85.00	122.00	175.00	137.84	197.85	283.80	62.2%	62.2%	62.2%
32	87.00	124.00	179.00	141.09	201.09	290.28	62.2%	62.2%	62.2%
33	89.00	126.00	183.00	144.33	204.33	296.77	62.2%	62.2%	62.2%
34	90.00	129.00	186.00	145.95	209.20	301.64	62.2%	62.2%	62.2%
35	92.00	131.00	190.00	149.20	212.44	308.12	62.2%	62.2%	62.2%
36	94.00	133.00	194.00	152.44	215.69	314.61	62.2%	62.2%	62.2%
37	97.00	136.00	198.00	157.30	220.55	321.10	62.2%	62.2%	62.2%
38	99.00	138.00	202.00	160.55	223.79	327.58	62.2%	62.2%	62.2%
39	101.00	141.00	206.00	163.79	228.66	334.07	62.2%	62.2%	62.2%
40	103.00	143.00	210.00	167.04	231.90	340.56	62.2%	62.2%	62.2%
41	105.00	145.00	213.00	170.28	235.15	345.42	62.2%	62.2%	62.2%
42	107.00	146.00	217.00	173.52	236.77	351.91	62.2%	62.2%	62.2%
43	109.00	148.00	220.00	176.77	240.01	356.77	62.2%	62.2%	62.2%
44	111.00	150.00	224.00	180.01	243.25	363.26	62.2%	62.2%	62.2%
45	113.00	152.00	227.00	183.25	246.50	368.13	62.2%	62.2%	62.2%
46	115.00	154.00	231.00	186.50	249.74	374.61	62.2%	62.2%	62.2%
47	117.00	155.00	235.00	189.74	251.36	381.10	62.2%	62.2%	62.2%
48	119.00	157.00	238.00	192.98	254.61	385.96	62.2%	62.2%	62.2%
49	122.00	159.00	242.00	197.85	257.85	392.45	62.2%	62.2%	62.2%
50	124.00	161.00	246.00	201.09	261.09	398.94	62.2%	62.2%	62.2%
51	126.00	165.00	252.00	204.33	267.58	408.67	62.2%	62.2%	62.2%
52	128.00	169.00	257.00	207.58	274.07	416.78	62.2%	62.2%	62.2%
53	130.00	173.00	263.00	210.82	280.55	426.51	62.2%	62.2%	62.2%
54	133.00	177.00	269.00	215.69	287.04	436.24	62.2%	62.2%	62.2%
55	135.00	181.00	275.00	218.93	293.53	445.97	62.2%	62.2%	62.2%
56	141.00	188.00	288.00	228.66	304.88	467.05	62.2%	62.2%	62.2%
57	147.00	195.00	301.00	238.39	316.23	488.13	62.2%	62.2%	62.2%
58	153.00	202.00	315.00	248.12	327.58	510.84	62.2%	62.2%	62.2%
59	160.00	210.00	329.00	259.47	340.56	533.54	62.2%	62.2%	62.2%
60	167.00	218.00	344.00	270.82	353.53	557.86	62.2%	62.2%	62.2%
61	177.00	230.00	359.00	287.04	372.99	582.19	62.2%	62.2%	62.2%
62	187.00	243.00	374.00	303.26	394.07	606.52	62.2%	62.2%	62.2%
63	198.00	257.00	390.00	321.10	416.78	632.46	62.2%	62.2%	62.2%
64	209.00	272.00	407.00	338.94	441.10	660.03	62.2%	62.2%	62.2%
65	221.00	287.00	424.00	358.40	465.43	687.60	62.2%	62.2%	62.2%
66	239.00	310.00	453.00	387.59	502.73	734.63	62.2%	62.2%	62.2%
67	258.00	335.00	485.00	418.40	543.27	786.52	62.2%	62.2%	62.2%
68	278.00	362.00	519.00	450.83	587.06	841.66	62.2%	62.2%	62.2%
69	300.00	391.00	555.00	486.51	634.08	900.04	62.2%	62.2%	62.2%
70	324.00	423.00	593.00	525.43	685.98	961.67	62.2%	62.2%	62.2%
71	357.00	464.00	643.00	578.95	752.47	1042.75	62.2%	62.2%	62.2%
72	394.00	510.00	698.00	638.95	827.07	1131.95	62.2%	62.2%	62.2%
73	434.00	560.00	757.00	703.82	908.15	1227.63	62.2%	62.2%	62.2%
74	478.00	615.00	821.00	772.11	979.43	1331.41	61.5%	59.3%	62.2%
75	527.00	675.00	890.00	805.84	1019.36	1400.04	52.9%	51.0%	57.3%
76	569.00	739.00	978.00	821.02	1055.12	1445.58	44.3%	42.8%	47.8%
77	613.00	808.00	1074.00	831.67	1087.05	1485.46	35.7%	34.5%	38.3%
78	662.00	885.00	1180.00	841.10	1117.72	1519.99	27.1%	26.3%	28.8%
79	714.00	968.00	1297.00	845.62	1142.78	1547.50	18.4%	18.1%	19.3%
80	785.00			862.05			9.8%		
81	864.00			948.81			9.8%		
82	950.00			1043.25			9.8%		
83	1045.00			1147.57			9.8%		
84	1150.00			1262.88			9.8%		
85	1265.00			1389.17			9.8%		
86	1392.00			1528.63			9.8%		
87	1531.00			1681.28			9.8%		
88	1684.00			1849.30			9.8%		
89	1852.00			2033.79			9.8%		
90	2037.00			2236.94			9.8%		
91									
92									
93									
94									
95									
96									
97									
98									
99									
100+									

Rates shown below the line are for Shared Care 3 yr purchase on exhaustion of benefits at attained age rates, or for attained age GPO purchases and GIO purchases only

John Hancock Life Insurance Company (U.S.A.)
Actuarial Memorandum for Inforce Rate Increase – Leading Edge Policy Series
April 10, 2020

Product Name	**Form Number**	**Issue Date Range**
Leading Edge	LTC-06 VA	Oct 2006 - Mar 2011

These policy form rates were originally priced with a margin for moderately adverse experience in accordance with the NAIC model rate stability regulations.

1. Scope & Purpose

This memorandum consists of materials which support the development of new premium rates for the above captioned policy series forms. The purpose of this memorandum is to demonstrate that the requirements of this State in regards to an in force rate increase request have been met. This rate filing is not intended to be used for any other purpose.

2. Benefit Description(s)

A brief policy description for the policy form:

Individually underwritten long-term care policies that provide comprehensive long-term care coverage for care received in a nursing home or assisted care living facility, home health care, hospice care, respite care, or attendance at an Adult Day Care Center providing Adult Day Care.

Provides reimbursement of covered long-term care expenses incurred after an elected elimination period is met, up to the maximum daily/monthly amount. The benefit eligibility is determined based on the insured's cognitive impairment or their requiring physical assistance to perform two out of six activities of daily living (ADLs) of bathing, dressing, eating, toileting, transferring and maintaining continence.

Premiums are waived after the insured has met the elimination period and is receiving benefits and will continue to be waived until the insured stops receiving such benefits.

3. Renewability

All policy forms are guaranteed renewable.

4. Applicability

This filing is applicable to in force policies only, as these policy forms are no longer being sold in the market. The premium changes will apply to the base forms as well as all applicable riders.

5. Actuarial Assumptions

Our nationwide assumptions for morbidity, voluntary termination rates, and mortality are the same as our best estimate assumptions used for AG51 and GPV projections, with one exception. A shock lapse rate is applied in rate increase filings as described below, but the benefit of shock lapse is not reflected within our AG51 projections.

Morbidity

The morbidity assumptions are derived from our own experience, following our most recent comprehensive claim study completed in 2019. The study analyzed all major components of morbidity including incidence, claim terminations due to recovery or death, and benefit utilization across many attributes, focusing on the 5-year period of 2013-2017. The study has been peer reviewed both internally as well as by an Independent third party.

Our claims projections include future morbidity improvement of 0.50% per calendar year applied as an incidence adjustment until attained age 100, as well as a 7.5% margin for moderately adverse experience consistent with the margin originally anticipated in our original pricing loss ratio. No future morbidity improvement is assumed beyond attained age 100.

Methodology Change - Representation of Morbidity

In prior filings, our morbidity assumption was presented as expected claim costs for a sample policy. Going forward morbidity assumptions will be represented more granularly by incidence, claim termination, and utilization rate assumptions.

To better illustrate our most recent assumption changes, the prior assumptions are presented below their respective current assumptions. Note that a claim is defined as an approved claim, whether or not any dollar amounts have been paid.

Incidence

Incidence rates are the likelihood a policyholder will go on claim during a given duration. Incidence rates vary by a number of parameters, including issue age, attained age, issue year, policy duration, gender, marital status, risk class, benefit period, and product.

Below are currently expected sample incidence rates before future morbidity improvements for an LTC-06 policy with the following attributes: Standard risk class, Female, Single, 90 day Elimination Period, Policy Issued 2010 (in force 9 policy years as of 2019).

	5 Year Benefit Period			**Lifetime Benefit Period**		
Policy Duration	**Issue Age**			**Issue Age**		
	55	**65**	**75**	**55**	**65**	**75**
10	0.29%	1.39%	7.17%	0.34%	1.62%	8.33%
15	0.61%	3.24%	13.19%	0.71%	3.78%	15.25%
20	1.39%	6.56%	19.71%	1.62%	7.63%	22.64%
25	3.14%	11.73%	22.39%	3.66%	13.58%	25.64%

Below are expected incidence rates from the prior assumptions before future morbidity improvements for an LTC-06 policy with the following attributes: Standard risk class, Female, Single, 90 day EP, Policy Issued 2010:

	5 Year Benefit Period			Lifetime Benefit Period		
Policy Duration	Issue Age			Issue Age		
	55	**65**	**75**	**55**	**65**	**75**
10	0.27%	1.35%	6.49%	0.32%	1.58%	7.55%
15	0.64%	3.08%	12.10%	0.75%	3.59%	14.00%
20	1.39%	6.70%	17.87%	1.63%	7.80%	20.57%
25	3.01%	11.86%	19.40%	3.51%	13.73%	22.30%

Comparison (Current/Prior)

	5 Year Benefit Period			Lifetime Benefit Period		
Policy Duration	Issue Age			Issue Age		
	55	**65**	**75**	**55**	**65**	**75**
10	105%	103%	110%	105%	103%	110%
15	95%	105%	109%	95%	105%	109%
20	100%	98%	110%	100%	98%	110%
25	104%	99%	115%	104%	99%	115%

Claim Terminations

Claim termination rates are the likelihood a policyholder will either die while on claim or recover and re-enter the active population. Termination rates vary by a number of parameters, including incurral age, duration on claim, gender, marital status, benefit period, and type of coverage.

Below are currently expected sample termination rates for an LTC-06 policy with the following attributes: Standard risk class, Female, Issue Age 55, Single, 90 day Elimination Period.

	5 Year Benefit Period			Lifetime Benefit Period		
Months on Claim	Attained Age at Claim			Attained Age at Claim		
	75	**85**	**95**	**75**	**85**	**95**
1	7.17%	5.92%	6.26%	6.48%	5.36%	5.68%
3	6.21%	5.12%	5.42%	5.61%	4.64%	4.92%
6	3.50%	3.07%	2.93%	2.98%	2.62%	2.50%
12	1.82%	1.73%	2.07%	1.54%	1.47%	1.77%
24	1.67%	1.87%	2.09%	1.42%	1.59%	1.79%
36	1.51%	1.98%	2.48%	1.28%	1.69%	2.11%
60	1.94%	2.45%	3.00%	1.65%	2.09%	2.55%
90	1.90%	3.03%	3.69%	1.62%	2.58%	3.14%
120	1.90%	3.03%	3.69%	1.62%	2.58%	3.14%

Below are the pre-basis change expected termination rates for an LTC-06 policy with the following attributes: Standard risk class, Female, Single, 90 day EP, Issue Age 55.

	5 Year Benefit Period			Lifetime Benefit Period		
	Attained Age at Claim			Attained Age at Claim		
Months on Claim	75	85	95	75	85	95
1	9.75%	7.98%	9.37%	7.83%	6.41%	7.53%
3	8.44%	6.91%	8.12%	6.78%	5.55%	6.52%
6	3.22%	2.76%	2.76%	2.95%	2.53%	2.53%
12	1.66%	1.55%	1.95%	1.53%	1.42%	1.79%
24	1.53%	1.67%	1.97%	1.40%	1.54%	1.81%
36	1.38%	1.78%	2.33%	1.26%	1.63%	2.14%
60	1.76%	2.19%	2.82%	1.61%	2.01%	2.58%
90	1.73%	2.71%	3.47%	1.58%	2.49%	3.18%
120	1.73%	2.71%	3.47%	1.58%	2.49%	3.18%

Comparison (Current/Prior)

	5 Year Benefit Period			Lifetime Benefit Period		
	Attained Age at Claim			Attained Age at Claim		
Months on Claim	75	85	95	75	85	95
1	73%	74%	66%	83%	84%	75%
3	73%	74%	66%	83%	84%	75%
6	104%	107%	102%	101%	104%	99%
12	104%	107%	102%	101%	104%	99%
24	105%	107%	102%	101%	104%	99%
36	105%	107%	102%	101%	104%	99%
60	105%	107%	102%	102%	104%	99%
90	105%	107%	102%	102%	104%	99%
120	105%	107%	102%	102%	104%	99%

Utilization

Utilization rates are the estimated percentage of the maximum daily benefit that a policyholder is expected to use. Benefit utilization rates vary by incurral year, duration from issue, inflation type and coverage type, policy form group, incurral age, gender, benefit period, issue age, and time on claim.

Below are currently expected utilization rates for an LTC-06 policy with the following attributes:
Standard risk class, Female, Issue Age 55, Single, 90 day Elimination Period, 3rd year of being on claim.

	5 Year Benefit Period			Lifetime Benefit Period		
	Inflation			Inflation		
Policy Year of Incurral	GPO	5% Compound	CPI	GPO	5% Compound	CPI
10	70.96%	58.75%	61.94%	73.20%	60.61%	63.90%
15	70.50%	58.01%	61.54%	72.73%	59.84%	63.48%
20	70.03%	57.25%	61.41%	72.25%	59.06%	63.36%
25	69.55%	56.47%	61.33%	71.75%	58.26%	63.27%

Below are the expected utilization rates from the prior assumptions for an LTC-06 policy with the following attributes: Standard risk class, Female, Single, 100 day EP, Issue Age 55, 3rd year of being on claim.

	5 Year Benefit Period			Lifetime Benefit Period		
	Inflation			Inflation		
Policy Year of Incurral	GPO	5% Compound	CPI	GPO	5% Compound	CPI
10	77.31%	61.74%	61.72%	78.97%	63.06%	63.04%
15	78.96%	61.02%	61.91%	80.66%	62.33%	63.24%
20	79.89%	60.29%	61.90%	81.60%	61.58%	63.23%
25	80.37%	59.54%	61.89%	82.10%	60.82%	63.22%

Comparison (Current/Prior)

	5 Year Benefit Period			Lifetime Benefit Period		
	Inflation			Inflation		
Policy Year of Incurral	GPO	5% Compound	CPI	GPO	5% Compound	CPI
10	92%	95%	100%	93%	96%	101%
15	89%	95%	99%	90%	96%	100%
20	88%	95%	99%	89%	96%	100%
25	87%	95%	99%	87%	96%	100%

Voluntary Lapses

The voluntary lapse rates are based on our own experience between 2013 and 2017. Lapse rates vary by issue age, duration, and inflation option.

Duration	No Inflation			
	Issue Age			
	55	65	75	82
1	3.16%	3.60%	5.29%	5.86%
5	1.25%	1.17%	1.93%	3.09%
10	0.80%	0.90%	1.19%	1.67%
15	0.76%	0.89%	1.37%	2.13%
20	0.54%	0.87%	2.09%	2.13%
25	0.59%	0.76%	2.13%	2.13%
30	0.76%	1.42%	2.13%	2.13%
35	1.42%	2.09%	2.13%	2.13%
40	2.09%	2.13%	2.13%	2.13%

Duration	Inflation			
	Issue Age			
	55	65	75	82
1	2.04%	2.68%	4.44%	3.85%
5	1.02%	1.11%	1.46%	1.13%
10	0.59%	0.81%	0.96%	0.99%
15	0.38%	0.63%	0.91%	2.00%
20	0.40%	0.61%	1.50%	2.19%
25	0.46%	1.24%	2.19%	2.19%
30	0.56%	2.19%	2.19%	2.19%
35	1.24%	2.19%	2.19%	2.19%
40	2.19%	2.19%	2.19%	2.19%

In addition to the lapse rates shown, we assume a 1.3% lapse rate due to the rate increase. The additional lapse rate is used to adjust future premiums and claims down by 1.3% starting at the expected date of the rate increase.

Prior Lapse Rates

The prior voluntary lapse rates based on our own experience between 2010 and 2015. Lapse rates vary by issue age, duration, and inflation option.

Duration	No Inflation			
	Issue Age			
	55	65	75	82
1	4.30%	4.45%	4.93%	6.25%
5	1.70%	1.45%	1.80%	3.15%
10	1.16%	1.17%	1.27%	1.55%
15	0.63%	1.05%	1.31%	1.98%
20	0.55%	0.81%	1.93%	1.98%
25	0.55%	1.45%	1.98%	1.98%
30	0.81%	1.94%	1.98%	1.98%
35	1.45%	1.98%	1.98%	1.98%
40	1.94%	1.98%	1.98%	1.98%

Duration	Inflation			
	Issue Age			
	55	65	75	82
1	3.00%	3.00%	4.10%	4.10%
5	1.50%	1.25%	1.35%	1.15%
10	0.69%	0.77%	1.05%	0.91%
15	0.51%	0.67%	0.91%	1.85%
20	0.43%	0.60%	1.49%	2.03%
25	0.43%	1.27%	2.03%	2.03%
30	0.60%	2.03%	2.03%	2.03%
35	1.27%	2.03%	2.03%	2.03%
40	2.03%	2.03%	2.03%	2.03%

Mortality

The mortality rates have been derived based on our own experience for the individual long-term care block of business over the five-year period from 2013 to 2017 on an Active Life basis.

In the 2019 mortality study, the company has updated the base table to the 2012 Individual Annuity Mortality (IAM) tables from the previously used 1994 Group Annuity Mortality (GAM) tables.
The base table is then adjusted based on the following factors:

- Issue age
- Duration
- Product and Risk Class
- Gender and Marital Status
- Underwriting eras (which captures underwriting changes and risk class assignment changes through different series of products)

The final mortality table is based on 2012 IAM with 7 years of historical morality improvement (HMI) using projection G2 scale, with selection factors and adjustments to reflect the company's experience. Sample mortality rates before future mortality improvements are shown below:

Policy Duration	Standard Risk Class (Single, Female)		
	Issue Age		
	55	65	75
1	0.000	0.001	0.004
5	0.001	0.003	0.008
10	0.002	0.006	0.020
15	0.004	0.012	0.042
20	0.008	0.028	0.089
25	0.018	0.060	0.153
30	0.042	0.117	0.261

Future mortality improvements are based on US general population data covering experience from 1933 to 2015 and were developed in a manner consistent with prescribed Canadian Institute of Actuaries' rates. The rates vary by attained age and are not distinct by gender or smoker status; linear grading is applied between key ages.

- 1.0% per year for attained ages 0-85
- 0.2% per year for attained age 95
- 0.0% per year for attained age 105.

Methodology Change - Active Life Mortality

In prior filings, mortality has been represented on a Total Life basis, including both Active Lives (those not on claim) and Disabled Lives (those on claim). To be consistent with our Frist Principles approach, we are now showing mortality rates that are applied to Active Lives.

Since the prior mortality rates provided were on a Total Life basis, we have developed what those mortality assumptions would have been on an Active Life basis for comparison to the new rates above.

The mortality rates in the prior study were derived based on our own experience for the individual long-term care block of business over the five-year period from March 2009 through March 2014.

The base mortality table was the unloaded 1994 Group Annuity Mortality Table, sex-distinct, with 22 years of historical improvements based on scale AA. Sample mortality rates before future mortality improvements are shown below:

Policy Duration	Standard Risk Class (Single, Female)		
	Issue Age		
	55	65	75
1	0.001	0.001	0.004
5	0.001	0.003	0.009
10	0.003	0.007	0.019
15	0.005	0.016	0.055
20	0.008	0.029	0.097
25	0.019	0.064	0.164
30	0.041	0.124	0.271

We also included 10 years of projected future mortality improvement based on scale AA.

Expenses

Expenses have not been explicitly projected. It is assumed that the originally filed expense assumptions remain appropriate.

CPI Inflation Rate

At the time of pricing this product, John Hancock projected to enter into forward swaps to hedge inflation risk. These swaps drove the pricing of the product. The swaps were priced at an average rate 3.1%.

Due to inflation risk being hedged, we ensured that actual CPI rate never had an impact on rate increases by adjusting our original pricing loss ratio by reflecting actual past CPI in projected future claims. The projected CPI rate for both original pricing and best estimate cashflows reflects what our expectation for long-term inflation was back when the product was originally filed, which is 2.9%. We have not updated this rate as that would have no impact on rate increases as original pricing cashflows would also be changed, to ensure that changes in CPI do not impact rate increases.

However, due to basis changes creating additional inflation risk exposure, more future swaps were purchased at the end of 2019 in order to hedge said exposure. These swaps were priced at a lower rate than what was priced originally. The average notional- and duration-weighted terms of all swaps is now 2.4%.

In order to reflect the improvement in hedge terms, we have quantified the projected amount of gain and are including it as a claim reduction as part of the rate stability rule.

6. Trend Assumptions

As this is not medical insurance, we have not included any explicit medical cost trends in the projections.

7. Marketing Method

This product was typically marketed through our traditional agency system and brokers involving a personal contact with each applicant.

8. Underwriting

These policy forms were underwritten using a medical and risk questionnaire. We also utilized Attending Physician Statement and personal interviews depending on the age of the applicant and medical conditions.

9. Premium Classes

The base policy premium rates vary by issue age, benefit period, inflation option, home health care maximum benefit percentage, and underwriting class, as in the initial rate filing.

All premium factors related to the insured elected benefit design options or any eligible discount remain unchanged from the initial rate filing.

10. Premium Modalization Rules

Frequency	Multiple of Annual Premium
Semiannual	.52
Quarterly	.2625
Monthly	.0875

11. Issue Age Range

The issue age range is 18-79 for all policy forms.

12. Area Factors

Area factors are not applicable to any of the policy forms or riders.

13. Average Annual Premium

The table below summarizes the average annual premium per policy before and after the requested increase. The averages are based on policies inforce as of 12/31/2018, and do not reflect any previously approved rate increases to be implemented after 12/31/2018. Premium-paying policies as well as policies on claim are included, since although the premium for policies on claim is currently waived, they could be subject to the rate increase upon recovery.

	Virginia	
Form	before the rate increase	after the rate increase
LTC-06 VA	1,890	2,506

14. Number of Policyholders

The table below summarizes, as of 12/31/2018, the number of policies inforce that could be affected by the rate increase in your state and their 2018 annualized premium. Policies on claim are included, since although their premium is currently waived they could be subject to the rate increase upon recovery. Paid-up policies and policies which have exercised the nonforfeiture benefit option are excluded. Annualized premium does not reflect any previously approved rate increases to be implemented after 12/31/2018.

Form	Number of Policies	2018 Annualized Premium
LTC-06 VA	2,007	3,788,863

15. Reserves

Active Life Reserves have not been used in this rate increase demonstration. Minimum Statutory Claim reserves as of 12/31/2018 have been discounted to the date of incurral of each respective claim and included in the historical incurred claims. Incurred But Not Reported claim reserves as of 12/31/2018 have also been allocated to the calendar year of incurral and included in historic incurred claims.

16. Analysis Performed

Original Pricing Assumptions

The initial premium schedule was based on the originally filed pricing assumptions which were believed to be appropriate, given company and industry experience available, when the initial rate schedule was developed.

The original pricing assumptions for morbidity, voluntary termination rates, and mortality were as follows:

Morbidity

Claim assumptions were derived using data published by the National Center for Health Statistics National Nursing Home Survey (1985 and 1995), the National Health Interview Survey (1984), the National Long-Term Care Survey (1982, 1984, 1989, and 1994), Medicare data, and other experience furnished to us by consultants, with adjustments due to the impact of underwriting, inflation options, elected options, anti-selection considerations, and the savings incurred because the maximum daily benefit will not always be paid.

Below are the original sample annual claim costs for an LTC-06 policy, $300 monthly benefit, with no inflation (which included a 7.5% margin for moderately adverse experience):

Age	Issue Age 50		
	3 Year	5 Year	5 Yr + 1M
50	0.52	0.68	2.46
55	2.79	3.74	8.47
60	4.86	6.50	13.84
65	7.95	10.63	22.67
70	20.72	27.28	57.77
75	54.73	72.76	153.20
80	125.76	164.86	255.27
85	221.40	267.71	343.71
90	318.41	349.52	412.53
95	394.99	431.71	502.42

Age	Issue Age 60		
	3 Year	5 Year	5 Yr + 1M
60	1.23	1.63	5.98
65	8.34	11.15	24.91
70	24.17	31.83	66.33
75	57.35	76.22	157.99
80	131.11	171.86	262.14
85	229.23	276.99	351.41
90	326.65	357.73	418.97
95	401.38	437.23	505.37

Age	Issue Age 70		
	3 Year	5 Year	5 Yr + 1M
70	6.90	9.01	31.00
75	64.78	86.21	187.32
80	160.46	210.25	315.79
85	250.73	302.29	377.79
90	351.84	385.20	446.27
95	422.88	459.20	527.49

Voluntary Terminations

Duration	5% Compound Guaranteed Purchase	Automatic Inflation & 5% Compound Inflation
1	3.90%	3.30%
2	2.45%	1.95%
3	1.55%	1.35%
4	1.25%	1.00%
5	1.10%	0.95%
6	1.00%	0.90%
7	1.00%	0.85%
8	1.00%	0.85%
9	1.00%	0.85%
10	1.00%	0.85%
11+	0.95%	0.85%

Total Life Mortality

Our mortality decrement is based on the unloaded 1994 Group Annuity Mortality Table, sex-distinct with 10 years of improvements, and the following selection factors:

	Preferred Risk Class				Standard Risk Class			
	Issue Ages				Issue Ages			
Policy Year	<= 55	65	75	>= 82	<= 55	65	75	>= 82
1	15.8%	12.9%	14.6%	14.6%	27.7%	22.6%	25.7%	25.7%
2	21.9%	17.7%	19.5%	19.7%	37.0%	29.8%	32.9%	33.2%
3	27.8%	22.8%	25.9%	25.7%	45.2%	37.0%	42.1%	41.7%
4	31.5%	26.3%	32.2%	32.1%	49.3%	41.1%	50.3%	50.3%
5	34.7%	34.0%	39.4%	39.7%	52.4%	51.4%	59.6%	59.9%
6	39.4%	39.4%	45.7%	45.7%	57.5%	57.5%	66.8%	66.8%
7	42.9%	42.9%	51.6%	51.5%	60.6%	60.6%	72.9%	72.8%
8	47.3%	46.6%	57.1%	57.1%	64.7%	63.7%	78.1%	78.1%
9	50.8%	49.6%	62.0%	70.2%	67.4%	65.7%	82.2%	93.1%
10	56.7%	53.4%	69.8%	78.1%	70.9%	66.8%	87.3%	97.6%
11	59.2%	53.5%	72.2%	81.6%	74.0%	66.9%	90.3%	102.1%
12	60.0%	54.3%	77.1%	85.6%	75.0%	67.9%	96.4%	107.0%
13	60.9%	55.9%	82.1%	85.6%	76.1%	69.9%	102.6%	107.0%
14	62.6%	57.5%	83.8%	85.6%	78.2%	71.9%	104.8%	107.0%
15	64.2%	59.1%	85.6%	85.6%	80.3%	73.9%	107.0%	107.0%

16	66.4%	62.7%	85.6%	85.6%	83.0%	78.4%	107.0%	107.0%
17	68.5%	64.4%	85.6%	85.6%	85.6%	80.5%	107.0%	107.0%
18	70.7%	67.1%	85.6%	85.6%	88.3%	83.8%	107.0%	107.0%
19	72.8%	69.7%	85.6%	85.6%	91.0%	87.1%	107.0%	107.0%
20	74.9%	72.4%	85.6%	85.6%	93.7%	90.4%	107.0%	107.0%
21	77.1%	75.0%	85.6%	85.6%	96.3%	93.8%	107.0%	107.0%
22	79.2%	77.7%	85.6%	85.6%	99.0%	97.1%	107.0%	107.0%
23	81.3%	80.3%	85.6%	85.6%	101.7%	100.4%	107.0%	107.0%
24	83.5%	83.0%	85.6%	85.6%	104.3%	103.7%	107.0%	107.0%
25+	85.6%	85.6%	85.6%	85.6%	107.0%	107.0%	107.0%	107.0%

	Substandard 1 Risk Class				Substandard 2 Risk Class			
	Issue Ages				Issue Ages			
Policy Year	<= 55	65	75	>= 82	<= 55	65	75	>= 82
1	49.0%	39.9%	45.4%	45.4%	60.1%	49.0%	55.7%	55.7%
2	64.7%	52.1%	57.5%	58.0%	78.6%	63.3%	69.9%	70.5%
3	78.3%	64.1%	73.0%	72.3%	94.1%	77.0%	87.7%	86.9%
4	84.6%	70.5%	86.4%	86.3%	100.6%	83.8%	102.7%	102.6%
5	89.0%	87.3%	101.3%	101.9%	104.6%	102.6%	119.0%	119.7%
6	96.8%	96.8%	112.4%	112.4%	112.4%	112.4%	130.5%	130.5%
7	101.0%	101.0%	121.5%	121.3%	115.8%	115.8%	139.4%	139.1%
8	106.8%	105.1%	128.8%	128.9%	120.9%	119.0%	145.9%	145.9%
9	110.1%	107.4%	134.2%	152.0%	123.1%	120.0%	150.0%	169.9%
10	113.4%	106.8%	139.7%	156.1%	123.3%	116.2%	151.9%	169.8%
11	118.4%	107.0%	144.4%	163.3%	128.7%	116.4%	157.1%	177.6%
12	120.0%	108.6%	154.3%	171.2%	130.5%	118.1%	167.8%	186.2%
13	121.7%	111.8%	164.1%	171.2%	132.4%	121.6%	178.5%	186.2%
14	125.1%	115.0%	167.7%	171.2%	136.1%	125.1%	182.3%	186.2%
15	128.5%	118.2%	171.2%	171.2%	139.7%	128.6%	186.2%	186.2%
16	132.8%	125.5%	171.2%	171.2%	144.4%	136.5%	186.2%	186.2%
17	137.0%	128.8%	171.2%	171.2%	149.0%	140.1%	186.2%	186.2%
18	141.3%	134.1%	171.2%	171.2%	153.7%	145.8%	186.2%	186.2%
19	145.6%	139.4%	171.2%	171.2%	158.3%	151.6%	186.2%	186.2%
20	149.8%	144.7%	171.2%	171.2%	163.0%	157.4%	186.2%	186.2%
21	154.1%	150.0%	171.2%	171.2%	167.6%	163.1%	186.2%	186.2%
22	158.4%	155.3%	171.2%	171.2%	172.2%	168.9%	186.2%	186.2%
23	162.7%	160.6%	171.2%	171.2%	176.9%	174.7%	186.2%	186.2%
24	166.9%	165.9%	171.2%	171.2%	181.5%	180.4%	186.2%	186.2%
25+	171.2%	171.2%	171.2%	171.2%	186.2%	186.2%	186.2%	186.2%

Factors for ages between the ones listed above are interpolated.

Recent Experience

As part of the inforce management of the business, the Company monitored the performance of the business by completing periodic analysis for morbidity, voluntary lapse rates, and mortality. The findings from these analyses were used in projecting the inforce business to determine the effect of experience on the projected lifetime loss ratio. The most current studies show significant unfavorable trends since the study that prompted our 2016 rate increase filings. In general, claims continue to last longer than expected and lapses are lower than expected.

The following tables show in aggregate how our new and prior assumptions compare to actual experience.

Morbidity

Claim cost components of incidence, claim terminations due to recovery or death, and benefit utilization were analyzed across many attributes focusing on the 5 year period of 2013 through 2017. Experience in durations 10+ are used for Incidence, Termination, and Utilization.

Incidence (Count)

Duration	Incidence A/E Before Assumption Updates	Incidence A/E After Assumption Updates
10-14	99%	98%
15-19	96%	95%
20+	97%	93%
Total	**97%**	**96%**

In recent quarters, which are not included in the study data, we have observed adverse morbidity experience on older products after reflecting the new assumptions. A decision was made to react to this experience by further increasing incidence for these products, resulting in lower incidence A/Es for these older products since the post study experience is not reflected in the A/Es.

Claim Termination (Count)

	All Months		Months 1-5		Months 6+	
Benefit Period	Termination A/E Before Assumption Updates	Termination A/E After Assumption Updates	Termination A/E Before Assumption Updates	Termination A/E After Assumption Updates	Termination A/E Before Assumption Updates	Termination A/E After Assumption Updates
<10 years	96%	99%	81%	96%	104%	101%
10+ years	94%	98%	89%	98%	96%	99%
Total	**95%**	**99%**	**83%**	**97%**	**102%**	**100%**

Utilization (Amount)

Inflation	Utilization A/E Before Assumption Updates	Utilization A/E After Assumption Updates
None / GPO	99%	98%
Compound	101%	100%
Total	**99%**	**98%**

Overall our morbidity experience has been unfavorable since the last filing, largely due to unfavorable claim termination experience during the first 5 months on claim. Amongst those that do terminate from claim, the proportion recovering as opposed to dying has been close to expected.

Voluntary Lapses

Lapse experience from 2013 through 2017 was analyzed both by policy count (for credibility) and by policy amount (for assumption recommendations). Note that "Amount" is defined as the Maximum Daily Benefit multiplied by a Benefit Period factor to ensure that policies with longer benefit periods are appropriately weighted.

In prior studies, any policy that was rerated after the 2008 rate increase filing was permanently excluded from the remainder of the study. As rate increase filings have become more prevalent, policies are now allowed to re-enter the study following the rerate shock lapse period (2 years).

Actual to Expected ratios by amount for this block for John Hancock individual (including our assumed business) summarized by inflation and duration groups before and after the assumption update are shown below.

	Without Inflation		With Inflation	
Duration	Lapse A/E Before Assumption Updates	Lapse A/E After Assumption Updates	Lapse A/E Before Assumption Updates	Lapse A/E After Assumption Updates
1-5	66%	83%	76%	100%
6-10	79%	99%	91%	101%
11-15	101%	102%	83%	101%
16-20	110%	104%	98%	100%
21-25	108%	107%	103%	104%
26+	87%	86%	117%	117%
Total per inflation	**90%**	**99%**	**84%**	**100%**

Actual to expected ratios based on the prior assumptions were overall much lower than expected with an overall A/E ratio of 85% by amount. This was primarily driven by lower lapses in the earlier durations, specifically for younger issue ages. Lapse rates continue to be lower for policies with an inflation option. After updating assumptions based on experience, the A/E ratios are now 100% overall.

Healthy Life Mortality

Healthy life mortality experience from 2013 through 2017 was analyzed both by policy count (for credibility) and by policy amount (for assumption recommendations). Note that "Amount" is defined as Maximum Daily Benefit multiplied by a Benefit Period factor to ensure that policies with longer benefit periods are appropriately weighted.

The below table shows the healthy life A/E ratios by amount before and after the assumption update for our Individual business (including our assumed business).

Duration	Mortality A/E Before Assumption Updates	Mortality A/E After Assumption Updates
1-5	94%	99%
6-10	98%	101%
11-15	100%	101%
16-20	106%	103%
21-25	94%	99%
26+	92%	93%
Total	**101%**	**101%**

Healthy life mortality experience for our individual block in aggregate was close to our expectation, however expectations were adjusted for certain subgroups. Adjustments were made to product selection factors, risk class adjustment factors, and gender and marital factors to account for developing experience.

17. Requested Rate Increase

The Company is requesting an average rate increase of 32.6%, which varies by issue age, benefit period, and inflation option, and ranges from 15.7% to 62.2%. Rate increases were derived as follows:

1. In the prior filing, The Company calculated a lifetime loss ratio of 69.4% based on actual mix of business projected at original pricing assumptions where waived premiums were included in both premiums and claims, as well as actual CPI rate was reflected in projected future claims through 2015. We have restated this target loss ratio to 66.8% by removing waived premiums from both premiums and claims, as well as reflecting actual CPI in projected future claims through 2018.
2. The Company determined the projected lifetime loss ratio for this form based on nationwide actual experience and projected future experience. We then determined the amount of rate increase (62.1%) that would be needed in order to satisfy the rate stability rule ensuring no less than 85% loss ratio on the rate increase portion, while applying the original loss ratio on the original rate schedule (as the original loss ratio was higher than 58%).
3. We ensured that the proposed rate increases did not result in premium rates that exceed rates for older issue ages or the most recent traditional LTC rates that have been filed with the Interstate Compact for new business under the ICC12-LTC-12 policy form, adjusted for benefit differences and changes in underwriting guidelines and risk classification (this is demonstrated in **Appendix A** using LTC-06 as an example). As this product (ICC12-LTC-12) is no longer open for new business, the most recently filed new business LTC rates for this product were adjusted to account for the average impact of the

assumption updates due to the 2016 and 2019 Experience Studies. Adjustments of 9.5% and 9.8%, respectively, were applied to all rates to reflect these updates. After the application of this restriction the average rate increase for the forms listed in this memo is 61.8%, ranging from 15.7% to 62.2%.

4. After applying the projected gains from improved hedge terms as a reduction to claims, we ensured that the resulting overall increase in rates continues to satisfy the rate stability rule. This is demonstrated at the bottom of Exhibit 1 where it can be seen that the sum of past and future projected incurred claims is not less than the sum of the original premium times the original loss ratio and the rate increase premium times the 85% loss ratio requirement. The resulting average rate increase for CPI policies, reduced for the projected hedge gains, is 29.8%, ranging from 15.7% to 29.8%, while the resulting rate increase for non-CPI policies is 61.0%, ranging from 17.7% to 62.2%

Note that in **Appendix A** in the filing package we reflect the proposed premium rates both with and without any additional cost as we believe any cost due to delayed implementation should not be subject to the new business rate restrictions.

In the rate schedules by policy form, **Appendix B1** contains the new proposed rate tables for all policy forms included with this filing for those policyholders that are not electing an inflation reduction or shared cost option as part of this rate increase filing.

Please note that the actual rates implemented may vary slightly from those in Appendix B1 due to implementation rounding algorithms.

Exhibit 1 contains nationwide past premium and claims experience as well as future premium and claim projections and hedge gains. It illustrates that the anticipated lifetime loss ratio, net of hedge gains and with the requested rate increase is 68.7%, well in excess of the minimum loss ratio of 60% as well as greater than the original pricing loss ratio of 66.8%. The lifetime loss ratio as of 12/31/2018 is calculated as the sum of accumulated past and discounted future claims less hedge gains divided by the sum of accumulated past and discounted future earned premium where accumulation and discounting occur at the maximum statutory valuation discount rate.

In addition, **Exhibit 1** contains the original expected loss ratio projections with the lifetime loss ratio calculated as stated above, adjusted for the following.

- For contracts with the CPI linked inflation rider, both past and future benefits were updated to reflect the impact of actual past CPI rates differing from the original pricing assumption. In this way, the current projected benefits and the benefits projected in original pricing are based on the same level of CPI indices. This adjustment is needed to neutralize the impact on the rate increase for differences in actual past CPI from original pricing assumptions; i.e. the need for a rate increase and the level of a rate increase is not dependent on changes in the CPI levels. Adjustments will be made in both directions (i.e. when actual CPI is higher or lower than original pricing).
- Updated to reflect the actual mix of business sold.

For contracts with CPI-linked inflation, we are using the same future CPI assumptions as were used in original pricing (2.9%) in order to ensure that the need for a rate increase and the level of a rate increase is not dependent on changes to future CPI levels.

Furthermore, **Exhibit 1** demonstrates that the calculated loss ratio respects the applicable pre or post stability form requirements:

<u>Post-stability form requirements:</u>
The sum of the accumulated value of incurred claims without the inclusion of active life reserves, and the present value of future projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following:

1. Accumulated value of the initial earned premium times the original assumed lifetime loss ratio (which was higher than 58%),
2. 85% of the accumulated value of prior premium rate schedule increases,
3. Present value of future projected initial earned premium times the original assumed lifetime loss ratio, and
4. 85% of the present value of future projected premium in excess of the projected initial earned premium.

<u>Pre-stability form requirements:</u>
The sum of the accumulated value of incurred claims without the inclusion of active life reserves, and the present value of future projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following:

1. Accumulated value of the initial earned premium times the original assumed lifetime loss ratio (which was higher than 60%),
2. 80% of the accumulated value of prior premium rate schedule increases,
3. Present value of future projected initial earned premium times the original assumed lifetime loss ratio, and
4. 80% of the present value of future projected premium in excess of the projected initial earned premium.

18. New inflation options that will allow policyholders to offset the rate increase

Although this is a closed block of business, we are filing new future inflation options (also referred to as "landing spots") that will allow policyholders that have 5% Compound inflation coverage the option to offset the rate increase. This option is not available to limited pay policies.

Under these new options, the policyholders get to keep their current accumulated Daily benefit and their current remaining Lifetime Maximum Benefit, but the future indexation rate will be reduced as follows:

Previously Elected Landing Spot	Current inflation	Proposed Landing Spot
None	5.0%	2.9%

All indexation rates were determined to be actuarially equivalent to the requested rate increases in aggregate and therefore these options are only available if the full rate increase requested is accepted.

The premium rate schedules for these options are included in this filing in the rate schedules by policy form as **Appendix C1.**

19. New Shared Cost option that will allow the policyholder to offset the rate increase

We are filing a new Shared Cost option that will allow most policyholders without CPI-linked inflation the option to offset the rate increase. The Shared Cost option would:

- Reduce the policyholder's current policy benefit amounts by their Shared Cost percentage. The daily/monthly benefit and the policy limit will be reduced by the Shared Cost percentage

- Apply a percentage factor to any future claim payments equal to the Shared Cost percentage. John Hancock will pay our portion (1 minus the Shared Cost percent) of any covered services, but will not pay more than the new reduced daily/monthly benefit amount and the policyholder will be responsible for the remainder.

The Shared Cost Percentages are calculated using seriatim, nationwide data for each benefit period, inflation type and issue age combination. For policyholder Shared Cost percentages and for details on premium calculations for policyholders who elected the Shared Cost option, please see **Appendix D** in the filing package. The Shared Cost percentages in **Appendix D** will apply to all policyholders who have not bought additional attained age coverage. For those who have, the Shared Cost percentage will be the lesser of those shown in Appendix D and 80% of the policyholder's currently available benefit reduction that would offset their rate increase.

All Shared Cost percentages were determined to be actuarially equivalent to the requested rate increases by combination of issue age, benefit period and inflation type, and therefore these options are only available if the full rate increase requested is accepted. The Shared Cost option is not available to limited pay policies.

The premium rate tables for these options are included in the rate schedules by policy form as **Appendix C1.**

20. Additional option for those who stop paying premiums

In addition to the options to offset the rate increase, we will also be offering a Paid-Up Policy option for those who choose to stop paying premiums. This option will be a paid-up policy with a policy limit equal to the lesser of the current policy limit and 150% of premiums paid less any benefits received. The Paid-Up Policy will only be offered if we receive a full approval.

21. History of Previous Rate Revisions

None

22. Data Credibility

Regarding the credibility of data for younger blocks of business such as Leading Edge, the Company would like to draw attention to the American Academy of Actuaries Issue Brief "*Understanding Premium Rate Increases on Private LTCI Policyholders 060216.pdf"*, which has been included with this filing. The brief provides guidance on determining the need for premium rate increases on pages 4 and 5. This guidance includes a discussion on determining assumptions used for projections, particularly in situations where experience credibility may be low. Because of the long duration nature of Long Term Care policies, claims are often not seen in early durations which leads to lower credibility in actual experience for younger groups of policies. In situations where this is the case, the Actuarial Standards of Practice require that industry data or company data for older, similar business be used to set assumptions. Specifically, the brief states the following:

> "Section 3.2.1 of Actuarial Standard of Practice No. 18, Long-Term Care Insurance, requires actuaries to use alternative data sources such as public data or experience from the insurance company's older, similar policy forms for identifying reasonable assumptions. Waiting until there is adequate claim information on each policy form could result in much larger, less affordable rate increases."

Since Leading Edge is a younger block of business, our proposed rate increases on this form are based on our experience from this form as well as similar forms where we have over 20 years of experience. Overall, our unfavorable morbidity experience is at later durations and older attained ages, where we have significant data on our older plans and less on younger ones. With our combined data we are able to make credible decisions regarding future assumptions, in accordance with ASOP 18. Focusing solely on past experience for this product discredits our future projections and prevents us from acting on this information in a timely manner. Delaying rate increases until we have amassed similar experience on this particular policy form would take a considerable amount of time and would result in much higher rate increases for our customers which would be more difficult to manage and would require larger reductions in benefits in order to mitigate them. For example, if we were to delay rate increases on the Leading Edge plan for 10 years, with experience continuing as currently expected, we would require an average rate increase of 100.6% compared to the current proposed rate increase of 32.6%.

23. Ensuring No Cross-Subsidization Between States

We have ensured no state's rate increase approvals will subsidize other states' rate increases. Rate increases will vary by state, but only to reflect the timing and amount of prior rate increases approved by that state. This is accomplished by first backing-out all prior approved rate increases from our nationwide premium data. We then re-introduce actual prior rate increases with the amount and timing based on your state's prior approvals (as detailed in Section 21). The current proposed rate increases are then determined based on the amounts needed in order to achieve our target lifetime loss ratios certified to in our prior filing.

Although some states may have capped our previous inforce rate increase filings, in each case this was done with the understanding that the full amount of the proposed rate increases were justified and that John Hancock would be refiling for the remainder at a later date. In instances where the remainder remains unapproved, it has been included in the current filings.

24. Past Losses Testing

Preventing companies from recouping past losses was the subject of a discussion by the NAIC in late 2013. The accepted methodology which was incorporated into the 2014 Long Term Care Model Regulation defines past losses as actual past claims less expected past claims when determining loss ratio compliance. Expected past claims are defined as the following:

> "Expected claims shall be calculated based on the original filing assumptions assumed until new assumptions are filed as part of a rate increase. New assumptions shall be used for all periods beyond each requested effective date of a rate increase [regardless of whether or not the rate increase is approved]. Expected claims are calculated for each calendar year based on the in-force at the beginning of the calendar year. Expected claims shall include margins for moderately adverse experience; either amounts included in the claims that were used to determine the lifetime loss ratio consistent with the original filing or as modified in any rate increase filing."

We apply this methodology in **Exhibit 1A**. The 'Adjusted Expected Incurred Claims' are initially calculated by applying the original pricing durational loss ratio to the actual earned premium in a given calendar year. Later, in years in which and after which we filed for inforce rate increases, expected incurred claims are based on the new assumptions that were filed.

The accumulated value of the Adjusted Expected Incurred Claims is compared to the accumulated value of Actual Incurred Claims. The lesser of the Adjusted Expected Incurred Claims or Actual Incurred Claims is used for past claims when ensuring that the resulting overall increase in rates satisfies the rate stability rule ensuring no less than an 85% loss ratio on the rate increase portion, while applying the original loss ratio on the original rate schedule (as the original loss ratio was higher than 58%). This is demonstrated at the bottom of **Exhibit 1A**.

25. Proposed Effective Date

These rates will be effective on the next policy anniversary date, following at least a 90 day policyholder notification period. The assumed effective date used to calculate the rate increase is 01/01/2021.

26. Actuarial Certification

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for rendering this opinion and am familiar with the requirements for filing long-term care insurance premiums and filing for increases in long-term care insurance premiums. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

The preceding Actuarial Memorandum contains:
a) the assumptions on which this certification is based;
b) the adjustments to prior assumptions with an explanation of the reasons previous assumptions were not realized;
c) a lifetime projection of the prior premium rate schedules and incurred claims plus future expected premiums and claims which demonstrates that the revised premium rate schedule meets the loss ratios standards and necessary details of this state; and
d) disclosure of the manner, if any, in which reserves have been recognized.

If the requested premium rate schedule increase is implemented and the underlying assumptions which reflect moderately adverse conditions are realized, no further premium rate schedule increases are anticipated.

I have reviewed and taken into consideration the policy design and coverage provided, and our current underwriting and claims adjudication processes.

In forming my opinion, I have used actuarial assumptions and actuarial methods and such tests of the actuarial calculations as I considered necessary. Based on these assumptions or statutory requirements where necessary, the premium rate filing is in compliance with the loss ratio standards of this state.

The basis for contract reserves has been previously filed and there is no anticipation of any changes.

Ilya Kagan

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Ilya Kagan, FSA, MAAA
Actuary, Long-Term Care Inforce Management
John Hancock Life & Health Insurance Company

Exhibit 1: Nationwide Loss Ratio Exhibit
Leading Edge (LTC-06)

		Original Assumptions			Historical & Projected Experience					
					Before Proposed Increase			With Proposed Rate Increase		
	Calendar Year	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio
	2002	-	-	-	-	1,430	0%	-	1,430	0%
	2003	-	-	-	-	8,411	0%	-	8,411	0%
	2004	-	-	-	-	17,132	0%	-	17,132	0%
	2005	-	-	-	-	36,956	0%	-	36,956	0%
Historical	2006	686	527,796	0%	-	616,488	0%	-	616,488	0%
Experience	2007	100,967	10,877,546	1%	-	11,060,812	0%	-	11,060,812	0%
	2008	468,269	31,028,661	2%	536,219	31,189,533	2%	536,219	31,189,533	2%
	2009	1,113,494	49,303,222	2%	114,178	48,922,780	0%	114,178	48,922,780	0%
	2010	2,031,173	62,972,058	3%	1,982,572	62,229,456	3%	1,982,572	62,229,456	3%
	2011	3,078,855	65,216,519	5%	2,232,771	64,099,043	3%	2,232,771	64,099,043	3%
	2012	4,184,290	64,059,559	7%	2,336,438	62,688,714	4%	2,336,438	62,688,714	4%
	2013	5,391,107	62,991,707	9%	2,688,312	61,904,740	4%	2,688,312	61,904,740	4%
	2014	6,691,482	61,931,843	11%	6,144,837	61,479,039	10%	6,144,837	61,479,039	10%
	2015	8,086,353	60,803,403	13%	6,213,807	60,857,612	10%	6,213,807	60,857,612	10%
	2016	9,564,088	59,601,957	16%	7,371,241	60,450,729	12%	7,371,241	60,450,729	12%
	2017	11,188,132	58,339,854	19%	9,454,715	60,139,859	16%	9,454,715	60,139,859	16%
	2018	13,075,240	57,015,767	23%	12,100,486	61,435,637	20%	12,100,486	61,435,637	20%
Projected	2019	15,068,263	55,628,121	27%	15,881,248	58,800,261	27%	15,881,248	58,800,261	27%
Future	2020	16,978,400	54,177,312	31%	18,636,078	57,239,383	33%	18,636,078	57,239,383	33%
Experience	2021	19,043,524	52,664,600	36%	22,118,094	55,998,467	39%	21,974,327	71,553,475	31%
	2022	21,395,250	51,084,301	42%	26,240,369	54,725,303	48%	25,899,244	71,572,375	36%
	2023	24,341,644	49,431,074	49%	30,596,975	53,352,568	57%	30,199,214	69,755,901	43%
	2024	27,928,914	47,690,528	59%	35,178,919	51,866,808	68%	34,721,593	67,791,490	51%
	2025	31,937,905	45,856,294	70%	40,372,338	50,265,936	80%	39,847,498	65,676,708	61%
	2026	36,226,687	43,931,059	82%	46,024,898	48,560,561	95%	45,426,574	63,425,857	72%
	2027	40,430,400	41,920,109	96%	52,224,082	46,768,108	112%	51,545,169	61,062,119	84%
	2028	44,329,179	39,830,690	111%	58,852,392	44,891,379	131%	58,087,310	58,589,921	99%
	2029	48,460,592	37,667,534	129%	65,641,805	42,926,784	153%	64,788,462	56,004,909	116%
	2030	52,860,933	35,436,464	149%	72,122,765	40,873,187	176%	71,185,169	53,305,894	134%
	2031	57,463,467	33,148,022	173%	77,900,413	38,726,209	201%	76,887,707	50,487,247	152%
	2032	61,289,335	30,823,051	199%	83,553,244	36,488,489	229%	82,467,052	47,552,558	173%
	2033	63,509,610	28,491,845	223%	89,320,878	34,174,949	261%	88,159,706	44,521,493	198%
	2034	65,442,905	26,188,264	250%	95,200,962	31,805,831	299%	93,963,349	41,420,651	227%
	2035	67,468,646	23,940,053	282%	100,048,843	29,410,353	340%	98,748,208	38,288,324	258%
	2036	69,912,942	21,764,778	321%	102,511,701	27,009,790	380%	101,179,049	35,152,056	288%
	2037	71,330,496	19,677,027	363%	103,542,264	24,629,644	420%	102,196,214	32,044,933	319%
	2038	70,326,017	17,687,520	398%	104,003,493	22,300,570	466%	102,651,448	29,006,680	354%
	2039	68,664,444	15,808,861	434%	104,780,538	20,052,344	523%	103,418,391	26,075,846	397%
	2040	67,003,049	14,050,671	477%	104,776,941	17,913,021	585%	103,414,840	23,288,758	444%
	2041	66,040,886	12,415,777	532%	102,211,786	15,897,728	643%	100,883,033	20,664,730	488%
	2042	64,420,147	10,908,143	591%	97,824,076	14,020,541	698%	96,552,363	18,221,720	530%
	2043	60,803,864	9,527,045	638%	92,846,403	12,292,894	755%	91,639,400	15,974,242	574%
	2044	56,740,624	8,273,385	686%	88,844,067	10,717,499	829%	87,689,094	13,925,561	630%
	2045	52,844,086	7,144,501	740%	85,200,504	9,291,796	917%	84,092,897	12,072,223	697%
	2046	49,747,551	6,133,500	811%	80,676,102	8,007,943	1007%	79,627,313	10,403,803	765%
	2047	46,556,441	5,235,051	889%	75,240,913	6,859,912	1097%	74,262,781	8,912,226	833%
	2048	42,373,572	4,442,004	954%	69,190,119	5,842,915	1184%	68,290,647	7,591,069	900%
	2049	38,196,803	3,749,051	1019%	63,616,152	4,948,563	1286%	62,789,142	6,429,337	977%
	2050	34,237,324	3,148,833	1087%	58,753,053	4,166,973	1410%	57,989,263	5,414,176	1071%
	2051	30,885,839	2,632,360	1173%	54,445,544	3,484,615	1562%	53,737,752	4,527,941	1187%
	2052	27,892,297	2,191,744	1273%	49,825,790	2,890,276	1724%	49,178,055	3,756,048	1309%
	2053	24,762,802	1,817,934	1362%	44,360,975	2,375,294	1868%	43,784,282	3,087,206	1418%
	2054	21,906,466	1,502,547	1458%	38,577,821	1,932,646	1996%	38,076,310	2,512,249	1516%

Note: Please refer to the Actuarial Memorandum, section "Ensuring No Cross-Subsidization Between States", for adjustments made to experience exhibits

Values as of 12/31/2018 (discounted at maximum statutory valuation rates)

	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio
Past :	74,546,545	801,960,797	9.3%	58,046,414	803,417,447	7.2%	58,046,414	803,417,447	7.2%
Future :	864,127,367	603,711,033	143.1%	1,234,560,010	678,423,168	182.0%	1,219,071,945	849,707,118	143.5%
Lifetime :	938,673,912	1,405,671,830	66.8%	1,292,606,424	1,481,840,615	87.2%	1,277,118,359	1,653,124,564	77.3%
Lifetime Net of Hedges :	**938,673,912**	**1,405,671,830**	**66.8%**	**1,151,947,683**	**1,481,840,615**	**77.7%**	**1,136,459,618**	**1,653,124,564**	**68.7%**

Total Incurred Claims exceed Total Initial Premiums x max(58%, Original Pricing Loss Ratio) + Increased Premiums x max(85%, Original Pricing Loss Ratio)

			Accum Value of Past Initial Prm x 66.8% =	536,502,889
Impact of Improved Hedge Terms =	(140,658,742)		Present Value of Future Initial Prm x 66.8% =	448,158,383
Accum. Value of Past Incurred Claims =	58,046,414		Accum Value of Prior Increases x 85.0% =	-
Present Value of Future Incurred Claims =	1,219,071,945		Present Value of Future Increases x 85.0% =	151,798,345
Total =	1,136,459,618	>=	Total =	1,136,459,618

Total Incurred Claims exceed Total Initial Premiums x max(60%, Original Pricing Loss Ratio) + Increased Premiums x max(80%, Original Pricing Loss Ratio)

			Accum Value of Past Initial Prm x 66.8% =	536,502,889
Impact of Improved Hedge Terms =	(140,658,742)		Present Value of Future Initial Prm x 66.8% =	448,158,383
Accum. Value of Past Incurred Claims =	58,046,414		Accum Value of Prior Increases x 80.0% =	-
Present Value of Future Incurred Claims =	1,219,071,945		Present Value of Future Increases x 80.0% =	142,869,031
Total =	1,136,459,618	>=	Total =	1,127,530,303

Exhibit 1A: Demonstration of not Recouping Past Losses
Leading Edge (LTC-06)

	Calendar Year	Loss Ratios to Apply to Actual Premium: Incurred Claims	Earned Premium	Incurred Loss Ratio	Adjusted Expected Incurred Claims	Historical & Projected Experience — Before Proposed Increase: Incurred Claims	Earned Premium	Incurred Loss Ratio	With Proposed Rate Increase: Incurred Claims	Earned Premium	Incurred Loss Ratio
Original Pricing	1988	0	0	0%	-	0	0	-	0	0	-
	1989	0	0	0%	-	0	0	-	0	0	-
	1990	0	0	0%	-	0	0	-	0	0	-
	1991	0	0	0%	-	0	0	-	0	0	-
	1992	0	0	0%	-	0	0	-	0	0	-
	1993	0	0	0%	-	0	0	-	0	0	-
	1994	0	0	0%	-	0	0	-	0	0	-
	1995	0	0	0%	-	0	0	-	0	0	-
	1996	0	0	0%	-	0	0	-	0	0	-
	1997	0	0	0%	-	0	0	-	0	0	-
	1998	0	0	0%	-	0	0	-	0	0	-
	1999	0	0	0%	-	0	0	-	0	0	-
	2000	0	0	0%	-	0	0	-	0	0	-
	2001	0	0	0%	-	0	0	-	0	0	-
	2002	0	0	0%	-	0	1,430	0%	0	1,430	0%
	2003	0	0	0%	-	0	8,411	0%	0	8,411	0%
	2004	0	0	0%	-	0	17,132	0%	0	17,132	0%
	2005	0	0	0%	-	0	36,956	0%	0	36,956	0%
	2006	686	527,796	0%	802	0	616,488	0%	0	616,488	0%
	2007	100,967	10,877,546	1%	102,669	0	11,060,812	0%	0	11,060,812	0%
	2008	468,269	31,028,661	2%	470,697	536,219	31,189,533	2%	536,219	31,189,533	2%
	2009	1,113,494	49,303,222	2%	1,104,902	114,178	48,922,780	0%	114,178	48,922,780	0%
	2010	2,031,173	62,972,058	3%	2,007,220	1,982,572	62,229,456	3%	1,982,572	62,229,456	3%
	2011	3,078,855	65,216,519	5%	3,026,100	2,232,771	64,099,043	3%	2,232,771	64,099,043	3%
	2012	4,184,290	64,059,559	7%	4,094,748	2,336,438	62,688,714	4%	2,336,438	62,688,714	4%
	2013	5,391,107	62,991,707	9%	5,298,080	2,688,312	61,904,740	4%	2,688,312	61,904,740	4%
	2014	6,691,482	61,931,843	11%	6,642,558	6,144,837	61,479,039	10%	6,144,837	61,479,039	10%
	2015	8,086,353	60,803,403	13%	8,093,563	6,213,807	60,857,612	10%	6,213,807	60,857,612	10%
2016 RI	2016	7,084,765	65,072,812	11%	7,084,765	7,371,241	60,450,729	12%	7,371,241	60,450,729	12%
	2017	8,756,869	64,805,952	14%	8,756,869	9,454,715	60,139,859	16%	9,454,715	60,139,859	16%
	2018	10,494,158	70,565,279	15%	10,494,158	12,100,486	61,435,637	20%	12,100,486	61,435,637	20%
Projected Future Experience	2019					15,881,248	58,800,261	27%	15,881,248	58,800,261	27%
	2020					18,636,078	57,239,383	33%	18,636,078	57,239,383	33%
	2021					22,118,094	55,998,467	39%	21,974,327	71,553,475	31%
	2022					26,240,369	54,725,303	48%	25,899,244	71,572,375	36%
	2023					30,596,975	53,352,568	57%	30,199,214	69,755,901	43%
	2024					35,178,919	51,866,808	68%	34,721,593	67,791,490	51%
	2025					40,372,338	50,265,936	80%	39,847,498	65,676,708	61%
	2026					46,024,898	48,560,561	95%	45,426,574	63,425,857	72%
	2027					52,224,082	46,768,108	112%	51,545,169	61,062,119	84%
	2028					58,852,392	44,891,379	131%	58,087,310	58,589,921	99%
	2029					65,641,805	42,926,784	153%	64,788,462	56,004,909	116%
	2030					72,122,765	40,873,187	176%	71,185,169	53,305,894	134%
	2031					77,900,413	38,726,209	201%	76,887,707	50,487,247	152%
	2032					83,553,244	36,488,489	229%	82,467,052	47,552,558	173%
	2033					89,320,878	34,174,949	261%	88,159,706	44,521,493	198%
	2034					95,200,962	31,805,831	299%	93,963,349	41,420,651	227%
	2035					100,048,843	29,410,353	340%	98,748,208	38,288,324	258%
	2036					102,511,701	27,009,790	380%	101,179,049	35,152,056	288%
	2037					103,542,264	24,629,644	420%	102,196,214	32,044,933	319%
	2038					104,003,493	22,300,570	466%	102,651,448	29,006,680	354%
	2039					104,780,538	20,052,344	523%	103,418,391	26,075,846	397%
	2040					104,776,941	17,913,021	585%	103,414,840	23,288,758	444%
	2041					102,211,786	15,897,728	643%	100,883,033	20,664,730	488%
	2042					97,824,076	14,020,541	698%	96,552,363	18,221,720	530%
	2043					92,846,403	12,292,894	755%	91,639,400	15,974,242	574%
	2044					88,844,067	10,717,499	829%	87,689,094	13,925,561	630%
	2045					85,200,504	9,291,796	917%	84,092,897	12,072,223	697%
	2046					80,676,102	8,007,943	1007%	79,627,313	10,403,803	765%
	2047					75,240,913	6,859,912	1097%	74,262,781	8,912,226	833%
	2048					69,190,119	5,842,915	1184%	68,290,647	7,591,069	900%
	2049					63,616,152	4,948,563	1286%	62,789,142	6,429,337	977%
	2050					58,753,053	4,166,973	1410%	57,989,263	5,414,176	1071%
	2051					54,445,544	3,484,615	1562%	53,737,752	4,527,941	1187%
	2052					49,825,790	2,890,276	1724%	49,178,055	3,756,048	1309%
	2053					44,360,975	2,375,294	1868%	43,784,282	3,087,206	1418%
	2054					38,577,821	1,932,646	1996%	38,076,310	2,512,249	1516%
	2055					33,061,047	1,556,450	2124%	32,631,254	2,023,540	1613%
	2056					28,542,052	1,239,004	2304%	28,171,005	1,611,091	1749%
	2057					24,805,141	972,988	2549%	24,482,674	1,265,424	1935%
	2058					21,206,034	752,085	2820%	20,930,356	978,339	2139%
	2059					17,509,620	571,515	3064%	17,281,995	743,613	2324%
	2060					13,933,879	427,617	3258%	13,752,738	556,501	2471%
	2061					10,812,202	315,673	3425%	10,671,643	410,896	2597%
	2062					8,354,526	230,443	3625%	8,245,917	300,010	2749%
	2063					6,596,315	166,132	3971%	6,510,563	216,326	3010%
	2064					5,229,162	117,635	4445%	5,161,183	153,214	3369%
	2065					4,118,664	81,251	5069%	4,065,121	105,863	3840%
	2066					3,081,807	54,215	5684%	3,041,744	70,665	4304%
	2067					2,116,480	34,843	6074%	2,088,966	45,434	4598%
	2068					1,397,313	21,538	6488%	1,379,148	28,098	4908%
	2069					885,371	12,763	6937%	873,861	16,659	5246%
	2070					537,547	7,235	7430%	530,559	9,448	5615%
	2071					311,367	3,919	7945%	307,319	5,121	6002%
	2072					172,286	2,029	8490%	170,047	2,653	6410%
	2073					91,051	1,004	9065%	89,867	1,314	6841%
	2074					46,019	477	9657%	45,421	624	7283%
	2075					22,353	218	10235%	22,062	286	7716%
	2076					10,555	98	10756%	10,418	128	8108%
	2077					4,929	44	11139%	4,865	58	8397%
	2078					2,293	20	11440%	2,263	26	8625%
	2079					1,048	9	11523%	1,035	12	8688%
	2080					460	4	11184%	454	5	8433%
	2081					187	2	10159%	185	2	7661%
	2082					67	1	8515%	66	1	6417%
	2083					20	0	6458%	20	0	4856%
	2084					4	0	3909%	4	0	2928%
	2085					0	0	2214%	0	0	1639%
	2086					0	0	8302%	0	0	6168%
	2087					0	0	74.22378	0	0	5511%
Values as of 12/31/2018 (discounted at maximum statutory valuation rates)											
Past					66,209,897	58,046,414	803,417,447	7.2%	58,046,414	803,417,447	7.2%
Future						1,234,560,010	678,423,168	182.0%	1,219,071,945	849,707,118	143.5%
Lifetime						1,292,606,424	1,481,840,615	87.2%	1,277,118,359	1,653,124,564	77.3%
Lifetime Net of Hedges						**1,151,947,683**	**1,481,840,615**	**77.7%**	**1,136,459,618**	**1,653,124,564**	**68.7%**

Total Incurred Claims exceed Total Initial Premiums x max(58%, Original Pricing Loss Ratio) + Increased Premiums x max(85%, Original Pricing Loss Ratio)

Impact of Improved Hedge Terms =	(140,658,742)		Accum Value of Past Initial Prm x 58.0% =	536,502,889
Accum Value of Minimum(Past Incurred Claims, Adjusted Originally Expected Incurred Claims) =	58,046,414		Present Value of Future Initial Prm x 58.0% =	448,158,383
			Accum Value of Prior Increases x 85.0% =	-
Present Value of Future Incurred Claims =	1,219,071,945		Present Value of Future Increases x 85.0% =	151,798,345
Total =	1,136,459,618	> =	Total =	1,136,459,618

Total Incurred Claims exceed Total Initial Premiums x max(60%, Original Pricing Loss Ratio) + Increased Premiums x max(80%, Original Pricing Loss Ratio)

Impact of Improved Hedge Terms =	(140,658,742)		Accum Value of Past Initial Prm x 60.0% =	536,502,889
Accum Value of Minimum(Past Incurred Claims, Adjusted Originally Expected Incurred Claims) =	58,046,414		Present Value of Future Initial Prm x 60.0% =	448,158,383
			Accum Value of Prior Increases x 80.0% =	-
Present Value of Future Incurred Claims =	1,219,071,945		Present Value of Future Increases x 80.0% =	142,869,031
Total =	1,136,459,618	> =	Total =	1,127,530,303

Exhibit 2: Virginia Loss Ratio Exhibit
Leading Edge (LTC-06)

		Original Assumptions			Historical & Projected Experience					
					Before Proposed Increase			With Proposed Rate Increase		
	Calendar Year	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio
	2002	-	-	-	-	1,430	0%	-	1,430	0%
	2003	-	-	-	-	1,430	0%	-	1,430	0%
	2004	-	-	-	-	1,430	0%	-	1,430	0%
	2005	-	-	-	-	2,965	0%	-	2,965	0%
Historical	2006	50	40,534	0%	-	48,541	0%	-	48,541	0%
Experience	2007	6,400	708,841	1%	-	726,327	0%	-	726,327	0%
	2008	28,876	2,081,285	1%	174,551	2,086,403	8%	174,551	2,086,403	8%
	2009	66,379	3,214,779	2%	-	3,141,138	0%	-	3,141,138	0%
	2010	117,094	3,828,915	3%	35,517	3,724,561	1%	35,517	3,724,561	1%
	2011	174,779	4,067,183	4%	26,932	3,898,547	1%	26,932	3,898,547	1%
	2012	235,137	4,000,976	6%	-	3,765,363	0%	-	3,765,363	0%
	2013	300,876	3,935,414	8%	114,340	3,680,542	3%	114,340	3,680,542	3%
	2014	370,759	3,870,602	10%	290,850	3,598,053	8%	290,850	3,598,053	8%
	2015	443,796	3,803,846	12%	286,587	3,548,472	8%	286,587	3,548,472	8%
	2016	520,336	3,734,123	14%	144,226	3,508,616	4%	144,226	3,508,616	4%
	2017	607,163	3,661,190	17%	1,219,847	3,469,269	35%	1,219,847	3,469,269	35%
	2018	711,511	3,584,984	20%	604,098	3,530,438	17%	604,098	3,530,438	17%
Projected	2019	817,319	3,505,378	23%	812,942	3,402,796	24%	812,942	3,402,796	24%
Future	2020	912,785	3,422,393	27%	969,486	3,343,044	29%	969,486	3,343,044	29%
Experience	2021	1,024,143	3,336,104	31%	1,165,156	3,280,248	36%	1,157,583	4,165,086	28%
	2022	1,160,756	3,246,049	36%	1,387,321	3,213,710	43%	1,369,286	4,174,475	33%
	2023	1,334,059	3,151,809	42%	1,619,274	3,141,858	52%	1,598,224	4,079,984	39%
	2024	1,539,396	3,052,741	50%	1,864,606	3,064,044	61%	1,840,366	3,977,762	46%
	2025	1,767,974	2,948,327	60%	2,149,244	2,980,539	72%	2,121,303	3,868,202	55%
	2026	2,012,736	2,838,678	71%	2,471,688	2,891,862	85%	2,439,556	3,752,006	65%
	2027	2,252,659	2,724,120	83%	2,827,714	2,798,270	101%	2,790,953	3,629,534	77%
	2028	2,493,003	2,604,875	96%	3,200,465	2,699,589	119%	3,158,859	3,500,589	90%
	2029	2,757,510	2,481,050	111%	3,586,614	2,595,629	138%	3,539,988	3,364,913	105%
	2030	3,042,424	2,352,791	129%	3,954,528	2,486,284	159%	3,903,119	3,222,381	121%
	2031	3,333,402	2,220,456	150%	4,302,785	2,371,049	181%	4,246,849	3,072,320	138%
	2032	3,569,768	2,085,162	171%	4,659,221	2,249,994	207%	4,598,651	2,914,819	158%
	2033	3,738,140	1,948,535	192%	5,033,175	2,123,950	237%	4,967,744	2,750,933	181%
	2034	3,913,148	1,812,302	216%	5,419,205	1,993,964	272%	5,348,756	2,582,040	207%
	2035	4,116,993	1,677,861	245%	5,722,049	1,861,368	307%	5,647,662	2,409,861	234%
	2036	4,326,556	1,546,190	280%	5,902,945	1,727,228	342%	5,826,207	2,235,759	261%
	2037	4,446,739	1,418,207	314%	6,040,810	1,592,911	379%	5,962,279	2,061,506	289%
	2038	4,428,186	1,294,744	342%	6,175,984	1,460,092	423%	6,095,696	1,889,261	323%
	2039	4,404,824	1,176,623	374%	6,331,068	1,330,407	476%	6,248,764	1,721,156	363%
	2040	4,418,311	1,064,440	415%	6,411,129	1,205,309	532%	6,327,784	1,559,065	406%
	2041	4,438,128	958,520	463%	6,333,577	1,085,730	583%	6,251,241	1,404,178	445%
	2042	4,385,996	859,118	511%	6,157,462	972,691	633%	6,077,415	1,257,807	483%
	2043	4,205,420	766,518	549%	5,999,679	867,138	692%	5,921,684	1,121,166	528%
	2044	4,019,240	680,855	590%	5,888,757	769,228	766%	5,812,203	994,454	584%
	2045	3,884,081	602,058	645%	5,774,593	678,836	851%	5,699,523	877,499	650%
	2046	3,759,327	529,863	709%	5,579,831	595,776	937%	5,507,293	770,054	715%
	2047	3,607,276	464,026	777%	5,336,007	519,991	1026%	5,266,639	672,040	784%
	2048	3,372,620	404,424	834%	5,061,086	451,340	1121%	4,995,292	583,262	856%
	2049	3,149,212	350,859	898%	4,785,160	389,445	1229%	4,722,953	503,229	939%
	2050	2,951,881	303,106	974%	4,538,124	333,883	1359%	4,479,129	431,395	1038%
	2051	2,767,297	260,744	1061%	4,308,759	284,062	1517%	4,252,746	366,989	1159%
	2052	2,598,995	223,402	1163%	4,019,828	239,463	1679%	3,967,571	309,344	1283%
	2053	2,402,262	190,660	1260%	3,641,442	199,801	1823%	3,594,104	258,085	1393%
	2054	2,201,287	161,981	1359%	3,221,212	164,861	1954%	3,179,337	212,935	1493%

Note: Please refer to the Actuarial Memorandum, section "Ensuring No Cross-Subsidization Between States", for adjustments made to experience exhibits

Values as of 12/31/2018 (discounted at maximum statutory valuation rates)

	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio	Incurred Claims	Earned Premium	Incurred Loss Ratio
Past :	4,119,690	50,473,865	8.2%	3,235,734	48,309,911	6.7%	3,235,734	48,309,911	6.7%
Future :	55,764,187	40,037,014	139.3%	74,948,668	41,255,520	181.7%	74,003,448	51,479,851	143.8%
Lifetime :	59,883,877	90,510,880	66.2%	78,184,402	89,565,430	87.3%	77,239,182	99,789,761	77.4%
Lifetime Net of Hedges :	**59,883,877**	**90,510,880**	**66.2%**	**68,933,994**	**89,565,430**	**77.0%**	**67,988,774**	**99,789,761**	**68.1%**

Appendix A - Comparison to New Business Rates (Leading Edge Series)

Rates shown are for a 100-day EP, single, Standard policyholder, and are per $10 daily benefit

Inflation Option: 5% Compound Guaranteed Purchase

New Business Rates adjusted for Benefit Differences* :

Issue	Benefit Period		
Age	3	5	5yr + 1M
18-29	49.01	59.07	78.76
30	51.53	62.33	90.04
31	52.78	64.35	90.08
32	54.79	66.86	93.60
33	56.05	69.62	94.94
34	58.06	72.14	98.37
35	59.32	74.90	99.87
36	61.83	77.42	101.24
37	63.84	80.68	111.71
38	65.10	83.45	111.71
39	67.11	86.71	111.71
40	69.62	89.98	112.48
41	71.63	91.99	113.64
42	73.64	94.51	122.30
43	75.66	96.52	123.33
44	77.67	99.79	133.05
45	79.68	101.80	133.94
46	81.69	105.06	136.58
47	84.20	107.07	137.67
48	86.97	110.34	147.12
49	88.98	113.11	154.24
50	91.49	115.62	155.84
51	94.26	120.90	166.24
52	97.52	124.92	174.89
53	101.29	130.20	192.69
54	105.31	134.72	202.08
55	108.58	140.00	212.59
56	115.12	148.55	225.38
57	121.65	157.09	238.17
58	128.19	165.64	250.97
59	135.48	175.44	270.68
60	143.27	186.00	291.56
61	154.33	199.07	308.55
62	165.39	212.89	331.71
63	178.46	227.97	351.87
64	191.53	244.31	383.92
65	206.36	261.40	404.43
66	225.96	286.79	440.07
67	248.58	314.18	476.19
68	271.96	344.85	522.20
69	298.60	378.78	565.71
70	327.00	415.23	610.63
71	358.67	458.71	661.51
72	392.10	505.46	715.27
73	429.55	557.99	769.00
74	469.52	615.05	834.04
75	514.51	678.64	898.74
76	596.00	734.91	981.38
77	660.37	816.54	1088.72
78	735.94	899.98	1205.88
79	816.14	997.02	1336.71
80	1348.55		
81	1457.94		
82	1571.71		
83	1693.64		
84	1824.16		

LTC-06 VA Rates after Requested Rate Increases
excluding additional rate increase due to cost of delay :

Issue	Benefit Period		
Age	3	5	5yr + 1M
18-29	19.46	25.95	37.30
30	21.08	29.19	42.16
31	22.70	30.81	43.79
32	24.33	32.43	47.03
33	25.95	34.06	48.65
34	27.57	35.68	51.89
35	29.19	37.30	53.52
36	30.81	40.54	58.38
37	32.43	42.16	61.62
38	34.06	43.79	63.25
39	35.68	47.03	66.49
40	37.30	48.65	69.73
41	38.92	51.89	72.98
42	42.16	55.14	77.84
43	43.79	58.38	82.71
44	47.03	61.62	87.57
45	48.65	64.87	92.44
46	51.89	68.11	97.30
47	55.14	72.98	102.17
48	58.38	76.22	108.65
49	61.62	81.08	115.14
50	64.87	85.95	121.63
51	68.11	89.19	128.11
52	71.35	92.44	134.60
53	76.22	95.68	141.09
54	79.46	98.92	147.57
55	84.33	102.17	155.68
56	89.19	110.28	165.41
57	94.06	116.76	176.77
58	100.55	126.49	188.12
59	105.41	134.60	201.09
60	111.90	144.33	214.06
61	121.63	157.30	230.28
62	132.98	170.28	248.12
63	144.33	184.87	267.58
64	157.30	201.09	287.04
65	171.90	218.93	309.74
66	189.74	241.63	340.56
67	207.58	265.96	374.61
68	228.66	293.53	411.91
69	251.36	324.34	454.08
70	275.69	356.77	499.48
71	309.74	398.94	551.38
72	350.29	444.35	608.14
73	394.07	496.24	671.38
74	435.00	537.52	741.12
75	465.34	570.24	777.88
76	489.91	602.30	817.43
77	515.43	634.09	854.90
78	539.40	664.43	889.98
79	562.01	694.48	923.17
80	575.43		
81	632.54		
82	696.23		
83	765.42		
84	842.29		

LTC-06 VA Rates after Requested Rate Increases
including additional rate increase due to cost of delay :

Issue	Benefit Period		
Age	3	5	5yr + 1M
18-29	19.46	25.95	37.30
30	21.08	29.19	42.16
31	22.70	30.81	43.79
32	24.33	32.43	47.03
33	25.95	34.06	48.65
34	27.57	35.68	51.89
35	29.19	37.30	53.52
36	30.81	40.54	58.38
37	32.43	42.16	61.62
38	34.06	43.79	63.25
39	35.68	47.03	66.49
40	37.30	48.65	69.73
41	38.92	51.89	72.98
42	42.16	55.14	77.84
43	43.79	58.38	82.71
44	47.03	61.62	87.57
45	48.65	64.87	92.44
46	51.89	68.11	97.30
47	55.14	72.98	102.17
48	58.38	76.22	108.65
49	61.62	81.08	115.14
50	64.87	85.95	121.63
51	68.11	89.19	128.11
52	71.35	92.44	134.60
53	76.22	95.68	141.09
54	79.46	98.92	147.57
55	84.33	102.17	155.68
56	89.19	110.28	165.41
57	94.06	116.76	176.77
58	100.55	126.49	188.12
59	105.41	134.60	201.09
60	111.90	144.33	214.06
61	121.63	157.30	230.28
62	132.98	170.28	248.12
63	144.33	184.87	267.58
64	157.30	201.09	287.04
65	171.90	218.93	309.74
66	189.74	241.63	340.56
67	207.58	265.96	374.61
68	228.66	293.53	411.91
69	251.36	324.34	454.08
70	275.69	356.77	499.48
71	309.74	398.94	551.38
72	350.29	444.35	608.14
73	394.07	496.24	671.38
74	435.00	537.52	741.12
75	465.34	570.24	777.88
76	489.91	602.30	817.43
77	515.43	634.09	854.90
78	539.40	664.43	889.98
79	562.01	694.48	923.17
80	575.43		
81	632.54		
82	696.23		
83	765.42		
84	842.29		

LTC-06 VA 2019 Rate Increases (%) :

Issue	Benefit Period		
Age	3	5	5yr + 1M
18-29	62.2%	62.2%	62.2%
30	62.2%	62.2%	62.2%
31	62.2%	62.2%	62.2%
32	62.2%	62.2%	62.2%
33	62.2%	62.2%	62.2%
34	62.2%	62.2%	62.2%
35	62.2%	62.2%	62.2%
36	62.2%	62.2%	62.2%
37	62.2%	62.2%	62.2%
38	62.2%	62.2%	62.2%
39	62.2%	62.2%	62.2%
40	62.2%	62.2%	62.2%
41	62.2%	62.2%	62.2%
42	62.2%	62.2%	62.2%
43	62.2%	62.2%	62.2%
44	62.2%	62.2%	62.2%
45	62.2%	62.2%	62.2%
46	62.2%	62.2%	62.2%
47	62.2%	62.2%	62.2%
48	62.2%	62.2%	62.2%
49	62.2%	62.2%	62.2%
50	62.2%	62.2%	62.2%
51	62.2%	62.2%	62.2%
52	62.2%	62.2%	62.2%
53	62.2%	62.2%	62.2%
54	62.2%	62.2%	62.2%
55	62.2%	62.2%	62.2%
56	62.2%	62.2%	62.2%
57	62.2%	62.2%	62.2%
58	62.2%	62.2%	62.2%
59	62.2%	62.2%	62.2%
60	62.2%	62.2%	62.2%
61	62.2%	62.2%	62.2%
62	62.2%	62.2%	62.2%
63	62.2%	62.2%	62.2%
64	62.2%	62.2%	62.2%
65	62.2%	62.2%	62.2%
66	62.2%	62.2%	62.2%
67	62.2%	62.2%	62.2%
68	62.2%	62.2%	62.2%
69	62.2%	62.2%	62.2%
70	62.2%	62.2%	62.2%
71	62.2%	62.2%	62.2%
72	62.2%	62.2%	62.2%
73	62.2%	62.2%	62.2%
74	59.3%	57.2%	62.2%
75	51.1%	49.3%	54.0%
76	42.8%	41.4%	45.2%
77	34.6%	33.5%	36.3%
78	26.3%	25.6%	27.5%
79	18.1%	17.7%	18.7%
80	9.8%		
81	9.8%		
82	9.8%		
83	9.8%		
84	9.8%		

* Benefit Differences between LTC-06 VA and ICC12-LTC-12:

LTC-06 provides benefit increases while on claim

LTC-06 does not have the Double Coverage for Accident Benefit or Return of Premium Prior to 65 Benefit

LTC-06 provides respite care and homemaker services, in addition to home health care and hospice care

ICC12-LTC-12 benefits paid under the Stay at Home Benefit will not reduce the Policy Limit

LTC-06 rates are for a 100 service-day EP, ICC12-LTC-12 rates are for a 90 service-day EP

ICC12-LTC-12 underwriting guidelines and classification are stricter than for LTC-06

ICC12-LTC-12 unisex rates are determined by assuming a 60% female / 40% male mix of business

ICC12-LTC-12 5 yrs + 1M Rider rates are approximated by applying the ratio of [LTC-03 Lifetime (or 5 yrs + 1M Rider) / LTC-03 5 yrs] to the ICC12-LTC-12 5 yrs rates (LTC-03 was the last product in which we offered Lifetime benefit pe

Appendix A - Comparison to New Business Rates (Leading Edge Series)

Rates shown are for a 100-day EP, single, Standard policyholder, and are per $10 daily benefit

Inflation Option: Automatic Inflation

New Business Rates adjusted for Benefit Differences* :				LTC-06 VA Rates after Requested Rate Increases *excluding additional rate increase due to cost of delay :*				LTC-06 VA Rates after Requested Rate Increases *including additional rate increase due to cost of delay :*				LTC-06 VA 2019 Rate Increases (%) :			
Issue	Benefit Period			Issue	Benefit Period			Issue	Benefit Period			Issue	Benefit Period		
Age	3	5	5yr + 1M	Age	3	5	5yr + 1M	Age	3	5	5yr + 1M	Age	3	5	5yr + 1M
18-29	124.99	151.69	227.54	18-29	63.61	80.49	112.94	18-29	63.61	80.49	112.94	18-29	29.8%	29.8%	29.8%
30	131.61	159.73	242.78	30	67.51	84.38	119.43	30	67.51	84.38	119.43	30	29.8%	29.8%	29.8%
31	133.50	162.09	243.13	31	68.80	86.98	122.03	31	68.80	86.98	122.03	31	29.8%	29.8%	29.8%
32	134.68	164.69	247.03	32	70.10	88.28	124.63	32	70.10	88.28	124.63	32	29.8%	29.8%	29.8%
33	136.57	167.05	247.48	33	72.70	90.87	128.52	33	72.70	90.87	128.52	33	29.8%	29.8%	29.8%
34	138.93	170.12	249.11	34	74.00	92.17	131.12	34	74.00	92.17	131.12	34	29.8%	29.8%	29.8%
35	140.11	172.48	258.73	35	75.30	94.77	133.71	35	75.30	94.77	133.71	35	29.8%	29.8%	29.8%
36	142.00	175.08	259.61	36	76.59	97.36	137.61	36	76.59	97.36	137.61	36	29.8%	29.8%	29.8%
37	143.89	178.16	259.61	37	79.19	98.66	140.20	37	79.19	98.66	140.20	37	29.8%	29.8%	29.8%
38	146.26	180.52	264.76	38	80.49	101.26	144.10	38	80.49	101.26	144.10	38	29.8%	29.8%	29.8%
39	147.44	183.59	266.50	39	83.08	103.86	146.70	39	83.08	103.86	146.70	39	29.8%	29.8%	29.8%
40	149.33	186.66	268.33	40	84.38	106.45	150.59	40	84.38	106.45	150.59	40	29.8%	29.8%	29.8%
41	152.40	190.44	277.01	41	86.98	110.35	155.78	41	86.98	110.35	155.78	41	29.8%	29.8%	29.8%
42	154.29	194.22	279.91	42	90.87	114.24	160.98	42	90.87	114.24	160.98	42	29.8%	29.8%	29.8%
43	157.36	197.77	288.17	43	93.47	118.14	167.47	43	93.47	118.14	167.47	43	29.8%	29.8%	29.8%
44	159.96	201.55	296.72	44	97.36	122.03	172.66	44	97.36	122.03	172.66	44	29.8%	29.8%	29.8%
45	162.32	206.04	306.27	45	99.96	127.22	179.15	45	99.96	127.22	179.15	45	29.8%	29.8%	29.8%
46	165.40	210.29	315.43	46	103.86	131.12	185.64	46	103.86	131.12	185.64	46	29.8%	29.8%	29.8%
47	168.00	214.07	323.85	47	107.75	136.31	192.13	47	107.75	136.31	192.13	47	29.8%	29.8%	29.8%
48	170.36	218.32	324.82	48	111.64	140.20	198.62	48	111.64	140.20	198.62	48	29.8%	29.8%	29.8%
49	173.43	222.81	334.22	49	115.54	145.40	205.11	49	115.54	145.40	205.11	49	29.8%	29.8%	29.8%
50	176.03	227.07	343.24	50	119.43	150.59	212.90	50	119.43	150.59	212.90	50	29.8%	29.8%	29.8%
51	180.28	232.03	353.31	51	123.33	153.19	219.39	51	123.33	153.19	219.39	51	29.8%	29.8%	29.8%
52	183.35	237.70	369.75	52	125.92	157.08	224.59	52	125.92	157.08	224.59	52	29.8%	29.8%	29.8%
53	187.13	243.13	380.56	53	129.82	160.98	231.08	53	129.82	160.98	231.08	53	29.8%	29.8%	29.8%
54	190.21	248.80	391.73	54	133.71	163.57	237.57	54	133.71	163.57	237.57	54	29.8%	29.8%	29.8%
55	194.46	254.95	408.98	55	137.61	167.47	244.06	55	137.61	167.47	244.06	55	29.8%	29.8%	29.8%
56	200.13	262.51	420.01	56	144.10	175.26	255.74	56	144.10	175.26	255.74	56	29.8%	29.8%	29.8%
57	206.27	269.83	430.69	57	151.89	184.34	268.73	57	151.89	184.34	268.73	57	29.8%	29.8%	29.8%
58	213.12	277.39	433.74	58	159.68	192.13	281.71	58	159.68	192.13	281.71	58	29.8%	29.8%	29.8%
59	220.45	286.14	451.79	59	167.47	202.52	294.69	59	167.47	202.52	294.69	59	29.8%	29.8%	29.8%
60	227.30	294.17	455.96	60	175.26	211.61	308.97	60	175.26	211.61	308.97	60	29.8%	29.8%	29.8%
61	241.95	309.53	486.40	61	185.64	224.59	327.14	61	185.64	224.59	327.14	61	29.8%	29.8%	29.8%
62	257.31	325.59	510.26	62	194.73	238.87	346.62	62	194.73	238.87	346.62	62	29.8%	29.8%	29.8%
63	274.56	342.37	535.25	63	206.41	253.15	367.39	63	206.41	253.15	367.39	63	29.8%	29.8%	29.8%
64	292.28	360.33	566.92	64	218.10	268.73	388.16	64	218.10	268.73	388.16	64	29.8%	29.8%	29.8%
65	311.42	378.76	599.30	65	229.78	285.60	411.53	65	229.78	285.60	411.53	65	29.8%	29.8%	29.8%
66	333.86	409.47	650.34	66	246.66	310.27	446.58	66	246.66	310.27	446.58	66	29.8%	29.8%	29.8%
67	357.02	442.08	701.56	67	263.53	336.23	484.23	67	263.53	336.23	484.23	67	29.8%	29.8%	29.8%
68	382.07	478.23	750.82	68	283.01	364.79	524.47	68	283.01	364.79	524.47	68	29.8%	29.8%	29.8%
69	409.47	516.27	812.65	69	302.48	395.95	568.61	69	302.48	395.95	568.61	69	29.8%	29.8%	29.8%
70	438.54	557.86	872.55	70	324.55	429.70	616.64	70	324.55	429.70	616.64	70	29.8%	29.8%	29.8%
71	478.70	602.99	916.17	71	357.00	473.84	665.97	71	357.00	473.84	665.97	71	29.8%	29.8%	29.8%
72	522.89	652.37	971.61	72	393.35	521.87	717.90	72	393.35	521.87	717.90	72	29.8%	29.8%	29.8%
73	571.33	704.82	1023.13	73	432.30	575.10	775.02	73	432.30	575.10	775.02	73	29.8%	29.8%	29.8%
74	624.49	762.00	1080.25	74	476.44	634.82	836.04	74	476.44	634.82	836.04	74	29.8%	29.8%	29.8%
75	681.90	823.91	1136.73	75	524.47	699.73	902.24	75	524.47	699.73	902.24	75	29.8%	29.8%	29.8%
76	691.88	907.82	1255.97	76	573.80	765.93	997.01	76	573.80	765.93	997.01	76	29.8%	29.8%	29.8%
77	764.81	987.70	1376.66	77	626.76	823.21	1102.17	77	626.76	823.21	1102.17	77	29.5%	27.4%	29.8%
78	840.37	1078.62	1511.80	78	652.79	860.64	1168.67	78	652.79	860.64	1168.67	78	22.9%	21.6%	24.6%
79	926.82	1181.15	1659.65	79	676.14	896.58	1215.40	79	676.14	896.58	1215.40	79	16.4%	15.7%	17.2%
80	1512.89			80	701.72			80	701.72			80	9.8%		
81	1615.27			81	772.00			81	772.00			81	9.8%		
82	1721.80			82	848.88			82	848.88			82	9.8%		
83	1840.22			83	933.43			83	933.43			83	9.8%		
84	1968.20			84	1026.78			84	1026.78			84	9.8%		

* Benefit Differences between LTC-06 VA and ICC12-LTC-12:

LTC-06 does not have the Double Coverage for Accident Benefit or Return of Premium Prior to 65 Benefit

LTC-06 provides respite care and homemaker services, in addition to home health care and hospice care

ICC12-LTC-12 benefits paid under the Stay at Home Benefit will not reduce the Policy Limit

LTC-06 rates are for a 100 service-day EP, ICC12-LTC-12 rates are for a 90 service-day EP

ICC12-LTC-12 underwriting guidelines and classification are stricter than for LTC-06

ICC12-LTC-12 unisex rates are determined by assuming a 60% female / 40% male mix of business

ICC12-LTC-12 5 yrs + 1M Rider rates are approximated by applying the ratio of [LTC-03 Lifetime (or 5 yrs + 1M Rider) / LTC-03 5 yrs] to the ICC12-LTC-12 5 yrs rates (LTC-03 was the last product in which we offered Lifetime benefit pe

Appendix A - Comparison to New Business Rates (Leading Edge Series)

Rates shown are for a 100-day EP, single, Standard policyholder, and are per $10 daily benefit

Inflation Option: 5% Compound Inflation

New Business Rates adjusted for Benefit Differences* :

Issue Age	Benefit Period 3	5	5yr + 1M
18-29	357.22	439.69	701.97
30	360.31	443.97	710.35
31	361.02	445.16	715.18
32	362.21	445.87	715.18
33	362.93	447.06	716.72
34	363.64	447.77	716.72
35	364.83	448.96	718.34
36	364.83	450.15	722.97
37	365.54	450.86	726.77
38	366.73	452.05	726.77
39	367.44	452.77	728.36
40	368.15	453.95	732.81
41	370.53	458.71	736.52
42	372.19	462.99	739.49
43	374.57	467.03	742.12
44	376.95	471.78	762.60
45	378.61	476.53	766.32
46	380.99	481.29	770.06
47	383.37	486.04	773.83
48	385.74	490.79	783.99
49	387.88	495.55	787.79
50	390.26	500.30	791.61
51	392.87	504.10	791.61
52	395.96	507.91	799.02
53	399.05	511.00	799.02
54	402.85	514.32	804.76
55	405.94	518.13	804.76
56	409.75	520.74	813.29
57	414.26	522.88	821.67
58	418.07	525.49	830.62
59	423.06	526.92	834.29
60	427.57	529.06	842.17
61	440.88	541.42	859.90
62	453.72	552.59	867.61
63	468.45	564.95	885.59
64	482.00	577.31	895.82
65	496.73	589.66	911.30
66	522.17	628.88	962.97
67	548.31	670.47	1018.13
68	575.64	715.16	1082.81
69	604.16	762.93	1144.39
70	635.06	813.08	1214.47
71	691.39	869.41	1276.47
72	754.13	928.59	1339.12
73	821.63	992.76	1412.77
74	894.84	1061.44	1491.63
75	975.17	1134.41	1567.22
76	1101.50	1410.33	1945.63
77	1183.96	1516.48	2095.86
78	1269.83	1635.46	2258.02
79	1361.76	1763.99	2432.75
80	2145.43		
81	2272.94		
82	2412.05		
83	2555.01		
84	2705.99		

LTC-06 VA Rates after Requested Rate Increases
excluding additional rate increase due to cost of delay :

Issue Age	Benefit Period 3	5	5yr + 1M
18-29	124.87	184.87	265.96
30	134.60	194.60	278.93
31	137.84	197.85	283.80
32	141.09	201.09	290.28
33	144.33	204.33	296.77
34	145.95	209.20	301.64
35	149.20	212.44	308.12
36	152.44	215.69	314.61
37	157.30	220.55	321.10
38	160.55	223.79	327.58
39	163.79	228.66	334.07
40	167.04	231.90	340.56
41	170.28	235.15	345.42
42	173.52	236.77	351.91
43	176.77	240.01	356.77
44	180.01	243.25	363.26
45	183.25	246.50	368.13
46	186.50	249.74	374.61
47	189.74	251.36	381.10
48	192.98	254.61	385.96
49	197.85	257.85	392.45
50	201.09	261.09	398.94
51	204.33	267.58	408.67
52	207.58	274.07	416.78
53	210.82	280.55	426.51
54	215.69	287.04	436.24
55	218.93	293.53	445.97
56	228.66	304.88	467.05
57	238.39	316.23	488.13
58	248.12	327.58	510.84
59	259.47	340.56	533.54
60	270.82	353.53	557.86
61	287.04	372.99	582.19
62	303.26	394.07	606.52
63	321.10	416.78	632.46
64	338.94	441.10	660.03
65	358.40	465.43	687.60
66	387.59	502.73	734.63
67	418.40	543.27	786.52
68	450.83	587.06	841.66
69	486.51	634.08	900.04
70	525.43	685.98	961.67
71	578.95	752.47	1042.75
72	638.95	827.07	1131.95
73	703.82	908.15	1227.63
74	772.11	979.43	1331.41
75	805.84	1019.36	1400.04
76	821.02	1055.12	1445.58
77	831.67	1087.05	1485.46
78	841.10	1117.72	1519.99
79	845.62	1142.78	1547.50
80	862.05		
81	948.81		
82	1043.25		
83	1147.57		
84	1262.88		

LTC-06 VA Rates after Requested Rate Increases
including additional rate increase due to cost of delay :

Issue Age	Benefit Period 3	5	5yr + 1M
18-29	124.87	184.87	265.96
30	134.60	194.60	278.93
31	137.84	197.85	283.80
32	141.09	201.09	290.28
33	144.33	204.33	296.77
34	145.95	209.20	301.64
35	149.20	212.44	308.12
36	152.44	215.69	314.61
37	157.30	220.55	321.10
38	160.55	223.79	327.58
39	163.79	228.66	334.07
40	167.04	231.90	340.56
41	170.28	235.15	345.42
42	173.52	236.77	351.91
43	176.77	240.01	356.77
44	180.01	243.25	363.26
45	183.25	246.50	368.13
46	186.50	249.74	374.61
47	189.74	251.36	381.10
48	192.98	254.61	385.96
49	197.85	257.85	392.45
50	201.09	261.09	398.94
51	204.33	267.58	408.67
52	207.58	274.07	416.78
53	210.82	280.55	426.51
54	215.69	287.04	436.24
55	218.93	293.53	445.97
56	228.66	304.88	467.05
57	238.39	316.23	488.13
58	248.12	327.58	510.84
59	259.47	340.56	533.54
60	270.82	353.53	557.86
61	287.04	372.99	582.19
62	303.26	394.07	606.52
63	321.10	416.78	632.46
64	338.94	441.10	660.03
65	358.40	465.43	687.60
66	387.59	502.73	734.63
67	418.40	543.27	786.52
68	450.83	587.06	841.66
69	486.51	634.08	900.04
70	525.43	685.98	961.67
71	578.95	752.47	1042.75
72	638.95	827.07	1131.95
73	703.82	908.15	1227.63
74	772.11	979.43	1331.41
75	805.84	1019.36	1400.04
76	821.02	1055.12	1445.58
77	831.67	1087.05	1485.46
78	841.10	1117.72	1519.99
79	845.62	1142.78	1547.50
80	862.05		
81	948.81		
82	1043.25		
83	1147.57		
84	1262.88		

LTC-06 VA 2019 Rate Increases (%) :

Issue Age	Benefit Period 3	5	5yr + 1M
18-29	62.2%	62.2%	62.2%
30	62.2%	62.2%	62.2%
31	62.2%	62.2%	62.2%
32	62.2%	62.2%	62.2%
33	62.2%	62.2%	62.2%
34	62.2%	62.2%	62.2%
35	62.2%	62.2%	62.2%
36	62.2%	62.2%	62.2%
37	62.2%	62.2%	62.2%
38	62.2%	62.2%	62.2%
39	62.2%	62.2%	62.2%
40	62.2%	62.2%	62.2%
41	62.2%	62.2%	62.2%
42	62.2%	62.2%	62.2%
43	62.2%	62.2%	62.2%
44	62.2%	62.2%	62.2%
45	62.2%	62.2%	62.2%
46	62.2%	62.2%	62.2%
47	62.2%	62.2%	62.2%
48	62.2%	62.2%	62.2%
49	62.2%	62.2%	62.2%
50	62.2%	62.2%	62.2%
51	62.2%	62.2%	62.2%
52	62.2%	62.2%	62.2%
53	62.2%	62.2%	62.2%
54	62.2%	62.2%	62.2%
55	62.2%	62.2%	62.2%
56	62.2%	62.2%	62.2%
57	62.2%	62.2%	62.2%
58	62.2%	62.2%	62.2%
59	62.2%	62.2%	62.2%
60	62.2%	62.2%	62.2%
61	62.2%	62.2%	62.2%
62	62.2%	62.2%	62.2%
63	62.2%	62.2%	62.2%
64	62.2%	62.2%	62.2%
65	62.2%	62.2%	62.2%
66	62.2%	62.2%	62.2%
67	62.2%	62.2%	62.2%
68	62.2%	62.2%	62.2%
69	62.2%	62.2%	62.2%
70	62.2%	62.2%	62.2%
71	62.2%	62.2%	62.2%
72	62.2%	62.2%	62.2%
73	62.2%	62.2%	62.2%
74	61.5%	59.3%	62.2%
75	52.9%	51.0%	57.3%
76	44.3%	42.8%	47.8%
77	35.7%	34.5%	38.3%
78	27.1%	26.3%	28.8%
79	18.4%	18.1%	19.3%
80	9.8%		
81	9.8%		
82	9.8%		
83	9.8%		
84	9.8%		

* Benefit Differences between LTC-06 VA and ICC12-LTC-12:

LTC-06 does not have the Double Coverage for Accident Benefit or Return of Premium Prior to 65 Benefit

LTC-06 provides respite care and homemaker services, in addition to home health care and hospice care

ICC12-LTC-12 benefits paid under the Stay at Home Benefit will not reduce the Policy Limit

LTC-06 rates are for a 100 service-day EP, ICC12-LTC-12 rates are for a 90 service-day EP

ICC12-LTC-12 underwriting guidelines and classification are stricter than for LTC-06

ICC12-LTC-12 unisex rates are determined by assuming a 60% female / 40% male mix of business

ICC12-LTC-12 5 yrs + 1M Rider rates are approximated by applying the ratio of [LTC-03 Lifetime (or 5 yrs + 1M Rider) / LTC-03 5 yrs] to the ICC12-LTC-12 5 yrs rates (LTC-03 was the last product in which we offered Lifetime benefit pe

Appendix D
Leading Edge
Shared Cost Percentages

Age	GPO			Compound Inflation		
	Benefit Period			Benefit Period		
	3 Years	5 Years	5 Years + $1m	3 Years	5 Years	5 Years + $1m
18-29	24.2%	20.9%	18.7%			
30	19.4%	25.0%	23.0%			
31	30.2%		17.7%			
32	27.7%	22.3%	27.0%			
33	30.7%	30.7%	29.8%			
34	22.3%	28.4%	21.5%			
35	30.7%	30.7%	20.3%			
36	30.7%	30.7%	29.9%		30.7%	
37	30.7%	30.7%				
38	30.7%	30.7%	30.7%			
39	30.7%	30.7%				
40	30.7%	30.7%	30.7%		30.7%	
41	30.7%	30.7%	30.7%		27.0%	
42	30.7%	30.7%	30.7%		24.2%	
43	30.7%	30.7%	30.7%			
44	30.7%	30.7%	30.7%			
45	30.7%	30.7%	30.7%	30.7%	24.1%	
46	30.7%	30.7%	30.7%		30.7%	
47	30.7%	30.7%	30.7%		30.7%	
48	30.7%	30.7%	30.7%		30.7%	
49	30.7%	30.7%	30.7%		30.7%	
50	30.7%	30.7%	30.7%			
51	30.7%	30.7%	30.7%	26.4%	23.1%	
52	30.7%	30.7%	30.7%	30.7%	28.9%	
53	30.7%	30.7%	30.7%	25.2%	30.7%	
54	30.7%	30.7%	30.7%	22.7%	30.7%	
55	30.7%	29.5%	30.7%	20.5%		
56	30.7%	30.7%	30.1%	18.4%	30.7%	
57	30.7%	30.7%	30.7%	27.1%	25.7%	
58	30.7%	30.7%	30.7%		25.0%	
59	30.7%	30.7%	30.7%			
60	26.9%	23.5%	22.0%	22.5%		
61	29.1%	27.3%	24.8%		30.4%	
62	30.7%	29.6%	25.9%	19.9%		
63	30.7%	30.7%	28.2%	30.7%		
64	30.7%	30.7%	30.7%	30.7%	28.2%	
65	22.4%	20.9%	18.4%			
66	24.7%	22.5%	22.1%			
67	28.8%	25.1%	22.0%			
68	30.7%	27.1%	26.6%			
69	30.7%	30.7%	26.9%			
70	18.9%	19.4%	21.3%			
71	21.8%	22.6%	16.2%			
72	23.8%	21.8%	15.6%			
73	27.6%	28.7%	19.5%			
74	29.7%	26.0%	30.7%			
75	17.0%	17.2%	9.7%			
76	16.4%	10.9%	10.7%			
77	13.7%	9.7%				
78	11.5%	8.6%	6.9%			
79	8.1%	7.1%				
80						
81						
82						
83						
84						
85						
86						
87						
88						
89						
90						
91						

Certain cells are blank because there are no nationwide policies with that benefit period, issue age and inflation combination

For GPO policies with multiple layers of coverage, the Shared Cost percentage will be based on the issue age of the base contract. Each GPO layer will be reduced by the Shared Cost percentage

Shared Cost percentages are calculated based on policyholder data at the time of election

Appendix D
Leading Edge
Shared Cost Percentages

Note on premium calculation for a policyholder who elects the Shared Cost option:

To calculate the premium after election of the Shared Cost option, the premium rate schedules in Appendix C should be used. Since the Shared Cost option reduces the daily benefit, an additional factor is required to calculate the premium appropriately, as shown below:

Premium after electing Shared Cost option =

$$\frac{\text{(Premium Rate Schedule per \$10 daily benefit: Appendix C) * (New Daily Benefit/10)}}{\text{(1 – Shared Cost Percentage)}}$$

A similar formula can be used for GPO policies with multiple layers of coverage:

Premium after electing Shared Cost option =

$$\frac{\text{[(Premium Rate Schedule, Base Issue Age per \$10 Daily Benefit: Appendix C) * (New Base Daily Benefit/10) +} \\ \text{(Premium Rate Schedule, GPO Layer 1 Issue Age per \$10 Daily Benefit: Appendix C) * (New Layer 1 Daily Benefit/10) + ...]}}{\text{(1 – Shared Cost Percentage)}}$$

Long Term Care Insurance Rate Request Summary
Part 1 – To Be Completed By Company

Company Name and NAIC Number: John Hancock Life Insurance Company (U.S.A), 69477

SERFF Tracking Number: MULF-132318711

Revised Rates

Average Annual Premium Per Member: $1,890

Average Requested Percentage Rate Change Per Member: 32.6%

Range of Requested Rate Changes: 15.7% to 62.2%

Number of Virginia Policyholders Affected: 2,007

Form Number	Product Name	Issue Dates	Prior Rate Increases – Date and Percentage Approved	Outlook for Future Rate Increases
LTC-06 VA	Leading Edge	October 2006 – March 2011		If the requested premium rate schedule increase is implemented and the underlying assumptions are realized, no further premium rate schedule increases are anticipated.

Attach a narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.

This document is prepared by the carrier to help explain the requested rate change and is only a summary of the company's request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing at https://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx.

(Rev. 06/19)

Summary of the John Hancock's 2019 Rate Increase Request on John Hancock Life Insurance Leading Edge Policy Series

When pricing a long-term care insurance product, insurance companies use the best available information at that time to predict how many policyholders might ultimately use the benefit in the future. This involves making certain assumptions about a variety of factors including: particular medical conditions, the expected lifespan of policyholders, the length of time policyholders keep their policies, and the cost of receiving long-term care services. If the actual experience differs in an unfavorable way from the expected experience based on these assumptions, a premium rate increase may become necessary. John Hancock previously requested and implemented rate increases on the John Hancock Life Insurance Company long-term care policy series in 2013. In 2017, experience had sufficiently deteriorated to enable us to request another rate increase. Prior to approval of that request in 2019, we withdrew the filing because we were entering into new inflation hedges that had more favorable terms than what was assumed in our original pricing. The current filing incorporates the impact of the more favorable hedges as well as new assumptions developed in our 2019 experience studies.

John Hancock continuously monitors the experience of our in-force LTC insurance policies. Our most recent analysis demonstrates that claims continue to last longer than expected. Unfortunately, based on that data, we have determined that there is a need to increase premiums so we can meet our future claims obligations.

Increases will vary by issue age, inflation, benefit period, policy series, and state. The filing will vary by state based on the amount and timing of prior increases that we were permitted to implement in that state. In this way, policyholders are not subsidizing policyholders in other states.

In Virginia, on our John Hancock Life Insurance Company block of business, we are requesting an average rate increase of 32.6% which ranges from 15.7% to 62.2%. This includes the Leading Edge policy forms.

No individual has been singled out for an increase, nor is the increase due to a policyholder's advancing age or changing health. John Hancock's decision to increase premiums on certain policies is based upon the future claims anticipated on these policies.

As with the 2013 rate action, there will be a number of benefit adjustment options to help keep premiums at or close to their current level. For example, policyholders will have the option of electing the new, actuarially equivalent Shared Cost option. Customers can also reduce their benefit period, adjust their daily/monthly benefit amount, extend their elimination period, or drop riders from their coverage.

After the rate increase is accepted by the Virginia Insurance Department, affected policyholders will be provided with an extensive and personalized notification communication at least 90 days prior to the effective date, which will describe the increase and options available to mitigate the impact of the rate increase. In addition, customer support will be available through a dedicated customer service team in order to help our policyholders navigate through their choices and respond to any questions.

John Hancock Life Insurance Company (U.S.A.)

200 Berkeley Street
Boston, Massachusetts 02117
1-888-877-6075
Direct: (617) 572-0101
Email: mfluet@jhancock.com

Michelle Fluet
Senior Contract Consultant
US Legacy - LTC

April 14, 2020

Scott A. White
Commissioner of Insurance
Virginia State Corporation Commission
Bureau of Insurance
Tyler Building, 6th Floor
1300 East Main Street
Richmond, VA 23219

Re: **John Hancock Life Insurance Company (U.S.A.)**
Company NAIC # 65838; FEIN #: 01-0233346
Individual Long-Term Care Insurance Rate Revision Submission
Revised Actuarial Memos (See Policy Form List Below)

Dear Commissioner:

We have recently completed our 2019 experience study. This comprehensive study is generally conducted every three years and examines the usage trend for our insured population. The study results show lower than expected claim terminations during the elimination/waiting period and an updated view of future mortality and morbidity improvements, partially offset by favorable incidence as policyholders are filing claims at a lower rate than expected. In short, we anticipate having to pay more claims in the future than previously expected.

As a result of the factors listed above, we are requesting a premium rate increase on the policy series listed below and are enclosing the actuarial memos and rates for your review and acceptance.

Policy Series	Approval Date	Years Sold	Average Increase
LTC-06 VA	5/26/2006	2006 - 2011	32.6%

The proposed premium rates will be effective on the next policy anniversary date, following a 90-day policyholder notification period, which will be made as soon as practicable following state acceptance. As we will describe later in this letter, we will also offer affected insureds various benefit reduction options to help mitigate the impact of the rate increase.

Policyholder Options

We are fully aware that a premium increase may be difficult for our policyholders. Therefore, we will provide all policyholders with options which will help them mitigate the impact of any increase.

- **Shared Cost Option**
  If the policyholder selects this option, they will be able to offset the premium rate increase. The Shared Cost Option consists of two components.

  - All policy benefit amounts (all Daily/Weekly/Monthly Benefit amounts and the Policy Limit) will be decreased by an assigned Shared Cost percentage (based upon policy series and the insured's original issue age and benefit selected); and

- We will also apply that same Shared Cost percentage to future claims for covered charges and will pay our portion (1 minus the Shared Cost percentage) of covered charges, but we will pay no more than the new revised [daily/monthly/weekly] benefit amount and the new Policy Limit. The insured will be responsible for the remaining expenses.

  Example: If the revised Daily Benefit for Nursing Facility Care is $200 and Your Shared Cost Percentage is 20%, we will pay 80% of the Nursing Home charges, but no more than $200.

  - *If Your Nursing Home charges are $100, we will pay $80 and You will be responsible for $20.*
  - *If Your Nursing Home charges are $200, we will pay $160 and You will be responsible for $40.*
  - *If Your Nursing Home charges are $300, we will pay $200 and You will be responsible for $100*

  All Shared Cost percentages were determined to be actuarially equivalent to the requested rate increases by combination of issue age, benefit period and inflation type and therefore these options are only available if the full rate increase requested is accepted.

  If Shared Cost is elected all other policy provisions other than those mentioned above remain unchanged, including the inflation increase option (if selected).

  The Department approved this option on June 28, 2019 under SERFF and State Tracking Number MULF-131278368.

- **Inflation Reduction**
  If the policyholder selects this option, they will be able to offset the premium rate increase.

  Policyholders who originally purchased lifetime 5% compound or 5% simple inflation and some policyholders who took a reduced compound or simple inflation when notified of past premium increases, will be provided with the ability to keep premium at the current level by decreasing their future inflation coverage to a lower percentage which will vary by policy series. These policyholders will be able to keep all accrued inflation increase amounts to date and the lower inflation index will apply on a prospective basis only. Reduced inflation rates are determined to be actuarially equivalent to the requested rate increase and therefore these options are only available if the full rate increase requested is accepted.

- **Paid-up Option**
  If the policyholder selects this option, the policy will be converted to a paid-up status on the rate increase effective date (the next policy anniversary date). The new policy limit will be equal to 150% of premiums paid, less any claims paid. Under this option all optional riders will terminate, and no additional inflation adjustments/increases will be provided.

  Please note all of the referenced mitigation options above may not be available if the rate increase is not approved as requested.

  This option is currently pending approval under SERFF and State Tracking Number MULF-132319248.

- **Nonforfeiture**
  The nonforfeiture benefit, if purchased, may be exercised and the policy will be converted to paid-up status in accordance with the policy provision on the rate increase effective date.

- **Contingent Nonforfeiture**
  If the NAIC contingent nonforfeiture benefit is triggered customers will be offered paid-up coverage in accordance with the provision. Please note, that we will be voluntarily administering the contingent nonforfeiture benefit as described in the NAIC Model Bulletin "Announcement of Alternative Filing Requirements for Long-Term Care Premium Rate Increases" (as adopted by the Senior Issues Task Force on 8/9/2013.) We are allowing contingent nonforfeiture if the rate increase trigger is met for all affected policyholders, even if it was not otherwise required in your State.

- **Additional Mitigation Options**
  Policyholders may also be able to reduce their benefit period, adjust their daily/monthly benefit amount, drop optional benefit riders or extend their elimination period.

The corresponding forms for the Inflation Reduction percentages will be submitted under separate cover shortly.

Policyholder Communication Package

We have submitted for approval our sample template policyholder communication package regarding the rate increase and options to help mitigate the rate increase. We developed the communication package keeping in mind the amount of meaningful and detailed information to the policyholder and presenting it in a clear manner. We have incorporated suggestions from state regulators, policyholders and our dedicated policyholder service representatives. This package will be personalized for each customer and of course will vary by their respective situation. This package is included in Supporting Documentation and is currently pending approval under SERFF and State Tracking Number MULF-132319248.

Ensuring No Cross-Subsidization Between States

We have ensured no state's rate increase approvals will subsidize other states' experience. Rate increases will vary by state, but only to reflect the timing and amount of prior rate increases approved by that state. This is accomplished by first backing-out all prior rate increases from our nationwide premium data. We then re-introduce prior rate increases with the amount and timing based on your state's prior approvals. The current proposed rate increases are then determined based on the amounts needed in order to achieve our target loss ratios where our targets reflect the lifetime loss ratios certified to in our prior filing.

Although some states may have capped our previous inforce rate increase filings, in each case this was done with the understanding that the full amount of the proposed rate increases were justified, and that John Hancock would be refiling for the remainder at a later date. In instances where the remainder remains unapproved, it has been included in the current filings.

Past Losses Testing
Preventing companies from recouping past losses was the subject of a recent discussion by the Health Actuarial Task Force in late 2013. The accepted methodology by the Health Actuarial Task Force is to define past losses as actual past claims less expected past claims when determining loss ratio compliance where expected past claims are defined as the following:

> Expected claims shall be calculated based on the original filing assumptions assumed until new assumptions are filed as part of a rate increase. New assumptions shall be used for all periods beyond each requested effective date of a rate increase regardless of whether or not the rate increase is approved. Expected claims are calculated for each calendar year based on the in-force during the calendar year. Expected claims shall include margins for moderately adverse experience; the margins included in the claims that were used to determine the lifetime loss ratio consistent with the original filing or as modified in any rate increase filing.

The rate increases we calculated follow the methodology described above to ensure that we are not recouping past losses.

This submission is being filed in all states.

The following items are included in this submission:

- the submission letter.
- all actuarial material.
- all required certifications.

Please do not hesitate to contact us regarding this submission. We will be happy to meet with the Department either in person or via conference call at a time of your convenience.

Thank you for your time and consideration in this matter.

Sincerely,

Michelle Fluet

John Hancock Life Insurance Company (U.S.A.)
(Not licensed in New York)

[Peter K. Burke
Assistant Vice President]

Long-Term Care Insurance
P.O. Box 55978
Boston, Massachusetts 02205-9723

[First Name] [Last Name] [Date]
[Address1]
[Address2]
[City], [State] [Zip]

Re: **Notice of Premium Rate Increase – Long-Term Care Insurance Policy No. [xxx].**
Decision Required by [date].
John Hancock Life Insurance Company (U.S.A.) (John Hancock)

Dear [First Name] [Last Name],

We are writing to let you know that the premium for your John Hancock long-term care insurance (LTCi) policy is increasing. This notice will provide you with:

- **Details** about the premium increase
- **Options** available to you to help keep your premiums at or near their current level
- **Next Steps** and the resources to help you decide how to manage the increase

About the Premium Increase

John Hancock is committed to helping ensure LTCi benefits will be there when most needed. To uphold this responsibility, we continuously monitor the experience of our LTCi policies. Our most recent comprehensive claims study, which we generally conduct every three years, demonstrates lower than expected claim terminations during the elimination period. In short, we anticipate having to pay more claims in the future than previously expected. Based on that data, we have determined that there is a need to increase premiums on this policy series to reflect that future claims are expected to be significantly higher on these policies than originally expected or priced.

Your Premium Increase

Based on your current benefit selections, your premiums will increase from [current premium] to [new premium], [policy mode]. This new premium will be effective for premiums due on or after [next policy anniversary]. You may pay this higher premium or choose one of the options to help mitigate the increase. Please note this letter is not a bill.

It is important for you to know that:

- the rate increase request was reviewed by Virginia's State Corporation Commission and was found to be compliant with applicable Virginia laws and regulations addressing long-term care insurance. All premium rate filings are available for public inspection and may be accessed online through the Virginia Bureau of Insurance's webpage at www.scc.virginia.gov/BOI
- no person has been singled out for an increase
- no increase is due to advancing age or changing health

The decision to increase premiums on certain policies is based upon the future claims anticipated on these policies and has been made by John Hancock - not your insurance agent nor the Virginia Bureau of Insurance. As a reminder, per the terms of your policy, premium rates are not guaranteed and could be increased again in the future, at which time similar benefit reduction options may be available to you. However, please be advised that John Hancock will not apply any additional premium rate increase to your policy for at least [12] months from your policy anniversary date of [next policy anniversary].

Your Options

We understand that a premium increase may not be affordable for some. **Therefore, <u>we are offering you options to help keep your premiums at or near their current level.</u>** Please see the enclosed "Options Worksheet" for more information on these options that may help you mitigate the premium increase.

Included in this Package

- **Options Worksheet** (pages [3-7]) – provides details about your current coverage and the options you have to help mitigate the premium increase. **Please note that all the options available to you may not be of equal value. Please review this information carefully.**
- **Frequently Asked Questions** (page [8]) – provides answers to some of the most common questions.
- **Coverage Change Request Form** (page[s 9-10]) – may be used to elect an option to help mitigate the increase.

Next Steps

- We recommend that you review all options available to you (including paying the rate increase and any available benefit reduction options) and consult with your family members and other advisors to determine which option is appropriate for your needs.
- If you decide to reduce your coverage as outlined in the Options Worksheet, simply complete the "Coverage Change Request Form" and return it to John Hancock by [**Month XX, YYYY]**.
- If you choose to make no changes to your coverage, <u>no action is required</u>, and your new increased premium will become effective on [**Month XX, YYYY]**.

Where to Get Help

- **Contact John Hancock** with any questions you may have. Please visit www.jhinfocenter.com or contact one of our customer service representatives at [844-272-7842], Monday through Friday from 8:00 a.m. – 6:00 p.m. Eastern Time. The TTY number for the hearing impaired is 800-555-5421. Our dedicated team is available to help you make a decision that best meets your personal needs.
- **You may contact your local State Health Insurance Assistance Program (SHIP)** if you need additional counseling on your options. Please go to www.shiptacenter.org to find the SHIP location closest to you.
- **You may also contact your State Department/Bureau of Insurance** if you need additional counseling on your options. Please go to http://naic.org/state_web_map.htm to find your State Department/Bureau of Insurance.

We sincerely regret having to take this action, but we hope you find that the options and resources provided are helpful.

Sincerely,

[Peter K. Burke
Assistant Vice President, Long-Term Care Operations]

Enclosures:
Options Worksheet
Frequently Asked Questions
Coverage Change Request Form

Options Worksheet for [First Name] [Last Name]
Policy # [XXXXX]
John Hancock Life Insurance Company (U.S.A.)

YOUR OPTIONS SUMMARY

The table below shows:

- Your current premium and the new premium you will be charged if you keep your current coverage; and
- Options you have available to help mitigate the premium increase, including any impact the change would have on your coverage and the resulting premium, where applicable. Please also see page [6] for other options that may be available to you.

Please visit **www.jhinfocenter.com** for current **cost of care** information specific to your area. As you evaluate what is best for you, we encourage you to consider the current and projected cost of care in your area, as well as how much of that amount you are willing and able to pay from your own savings.

Current Coverage		**Coverage Change Options**				
	Accept Rate Increase[1]	**Reduce your Annual Inflation Rate**	**[Shared Cost Option]**	**[Reduce your [DB][4]]**	**[Paid-up Policy/Contingent Benefit Upon Lapse/Nonforfeiture Benefit[7]]**	**[Cancel your Coverage]**
[Daily] Benefit (DB)[3]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	Cancel your coverage, effective immediately.
Benefit Period (BP)	[X]-year	[X]-year	[X]-year	[X]-year	N/A	
Inflation Option[6]	[X]% [Compound]	[X]% [Compound]	[X]% [Compound]	[X]% [Compound]	N/A	
[Shared Cost Feature	No	No	Yes[2]	No	No]	
[Your Shared Cost Percentage	[XX%]	[XX%]	[XX%[2]]	[XX%]	[XX%]	
Elimination Period	[XX] Days					
Optional Riders	[List Riders]					
Current [Modal] Premium	$[XXX]					
New [Modal] Premium[5]	**$[XXX]**	**$[XXX]**	**$[XXX]**	**$[XXX]**	**N/A**	

Note - certain benefit reduction options will reduce your overall policy limit. **Please contact John Hancock at [844-272-7842] for details on the impact these changes will have on your policy limit.** Please note that, as the insured, you have the right to a revised premium rate or rate schedule upon request.
[Important: Your policy includes a "Limited Pay" premium provision. Please consider the number of remaining payments on your policy before making the decision to reduce your benefits.]

[1]Assumes no recent changes in your current coverage.
[[2]Your Shared Cost percentage would be [XX]%. This change will also result in a reduction to your overall policy limit. See page 5 for more details on this option.]

[[2]Represents your cumulative shared cost percentage after electing the current shared cost reduction offer of [XX%]. More details provided on the following page.]

[3][DB/MB] is the most the coverage will reimburse for the costs of covered long-term care services received [on any day][in any month]. [Note: our records indicate there is claim activity on your policy; please consider your current policy limit before making the decision to reduce your benefits.] [You may also want to review the restoration of benefits provision in your policy before making your decision.]

[4]*This reduction will also result in a reduction to your overall policy limit.*
[5]*As of [Month XX, YYYY].*
[6]*A reduction to your future annual inflation rate will apply to your [Daily/Monthly] Benefit[and Policy Limit]. The inflation rate on your Policy Limit will remain at X%.*

[[7]You have the option to convert your policy to a paid- up status with a reduced policy limit. See page 6 for more details.]

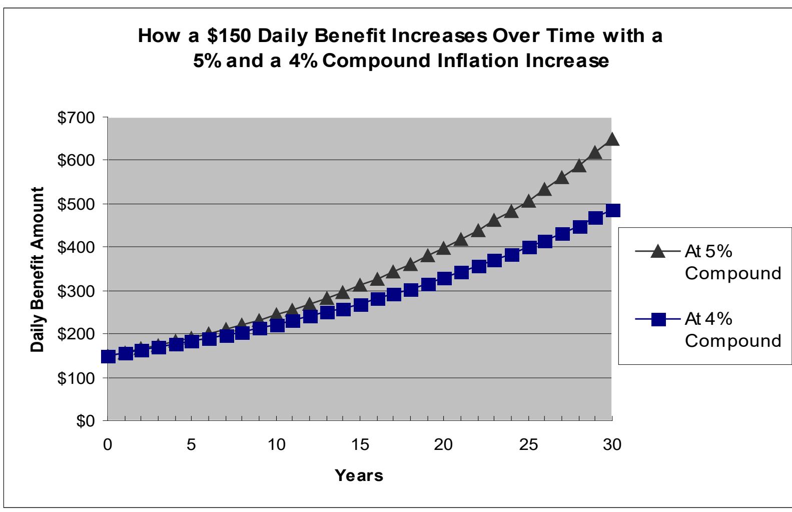
YOUR OPTIONS

Reduce your Future Annual Inflation Rate

To keep your premium at its current level we are offering you a one-time opportunity to reduce your future annual inflation rate from [X%] [compound/simple] to [Y%] [compound/simple]. This change will only be applied to future inflation increases that occur after the rate increase effective date. All other existing benefits and previous inflation increases that have already been applied to your policy through the effective date of the inflation rate reduction will be maintained. **Note - the choice of a reduced inflation benefit may not be of equal value to your current benefit.**

[**Important: Reducing your future annual inflation rate will result in the loss of Partnership status and your policy will no longer qualify for Medicaid Asset Protection. If you wish to retain Partnership status, do <u>not</u> elect this option.** Other options to help minimize the increase and retain your Partnership status may be available to you. For more information, please call John Hancock at [844-272-7842].]

The graph below is an example of how a $150 daily benefit amount increases over the next 30 years at [5%] and [4%] [annually compounding rates][simple annual increases].The chart to the right shows the national average annual increase over a five year period for the cost of care in various care settings. Please visit www.jhinfocenter.com for current cost of care information specific to your area.



Trends in the Cost of Care

Long-Term Care Setting	[5]-Year Average Annual Increase
Nursing homes and adult day services	[3.3%]
Care of elderly at home	[1.2%]

[The 5-year average annual increases are based on 2014 and 2019 index averages, series "Nursing homes and adult day services in U.S. city average, all urban consumers, not seasonally adjusted" and "Care of invalids and elderly at home in U.S. city average, all urban consumers, not seasonally adjusted". Data obtained from the Bureau of Labor Statistics of the U.S. Department of Labor at www.bls.gov.]

YOUR OPTIONS

Exercise the Shared Cost Option

We are also making available to you a one-time opportunity to keep your premium at its current level and elect a personalized Shared Cost option which would:

- **Reduce your current benefit amounts by Your Shared Cost percentage of [XX]%.** Choosing this option will result in a new [daily] benefit of $[XXX] and a reduction to your overall policy limit. [Your new, overall Shared Cost percentage will be [XX%].] Your new [daily/monthly] benefit amount will continue to grow at the rate of your automatic inflation coverage.

  AND
- **Apply Your Shared Cost percentage to any future claim payments.** John Hancock will pay [1-XX%] of any covered services, but we will not pay more than the new [daily/monthly] benefit amount and the new policy limit. You will be responsible for the remaining portion of covered charges and all remaining costs.

The table below demonstrates the impact this change would have on three different claim examples after electing the [XX]% Shared Cost option[, compared to a traditional [daily] benefit reduction] The examples reflect our payment amount under the Shared Cost Option[and the [DB/MB] Reduction Option] when claim expenses are lower, are higher, and equal to your current daily benefit amount. Note – all amounts below are rounded to the nearest dollar for illustrative purposes.

	Example 1 $[XXX] Claim Submitted			**Example 2 $[XXX] Claim Submitted**			**Example 3 $[XXX] Claim Submitted**		
	Keep Current Coverage	[DB] Reduction Option	Shared Cost Option	Keep Current Coverage	[DB] Reduction Option	Shared Cost Option	Keep Current Coverage	[DB] Reduction Option	Shared Cost Option
Daily Benefit	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]
John Hancock's payment amount	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]
Your payment amount	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]

Using example #3, let's look at how the Shared Cost amounts are determined (using rounded dollar amounts):

- Your existing $[XXX] [daily] benefit is reduced by [XX]% ($[XXX] - $[XXX] = your new [daily] benefit of $[XXX])
- You submit a claim for $[XXX]
- John Hancock pays [XX]% of any covered service – but no more than your new [daily] benefit of $[XXX] ($[XXX] x [XX]% = $[XXX]; which is greater than your new [daily] benefit of $[XXX] – therefore your claim reimbursement from John Hancock = $[XXX])
- You are responsible for paying the remaining amount ($[XXX] - $[XXX] = your payment of $[XXX])

[When compared to a traditional [daily] benefit reduction, the Shared Cost option allows you to retain a higher daily benefit and policy limit – for a similar annual premium (see page 3).]

Please note – as shown in the examples above, the Shared Cost Option is a benefit reduction option and impacts the amount of out of pocket expenses you will pay for covered services. The Shared Cost Option will also reduce your overall policy limit.

Reduce your [Daily/Monthly] Benefit

Reduce your [daily/monthly] benefit from $[xxx] to $[yyy], resulting in a new [modal] premium of $[XXX]. Reducing your [daily/monthly] benefit will also reduce your overall policy limit. There will be no change to your other benefit levels.

YOUR OPTIONS

[Exercise the [Contingent Benefit Upon Lapse] [Nonforfeiture Benefit] [Paid-Up Policy Option], resulting in a paid-up policy with reduced benefits]

[Your policy includes a Nonforfeiture Benefit. This benefit allows you to stop paying premiums and receive a paid-up policy with reduced benefits. By exercising this option, no further premiums are due. However, you will be significantly reducing your policy benefits. Therefore, you should give this careful consideration before you select it.]

[If you choose to cancel your policy within 120 days of [next policy anniversary date], we will modify your policy limit and convert your policy to paid-up status where no further premiums are due. Your new policy limit will be [$XXXX], which represents the sum of all premiums paid* minus any benefits paid. By exercising this option, you will be significantly reducing your policy benefits. Therefore, you should give this careful consideration before you select it.]

[If you choose to elect this option, your policy will be converted to a paid-up status with a modified policy limit where no further premiums are due. Your new policy limit will be $[XX,XXX], which represents the lesser of your current policy limit and 150% of all premiums paid* minus any benefits paid. By exercising this option, you may be significantly reducing your policy benefits, so you should give this careful consideration before you select it.]

The following terms apply if you choose to exercise the [Contingent Benefit Upon Lapse] [Nonforfeiture Benefit] [Paid-Up Policy Option]:

- No benefits will be paid in excess of your new policy limit.
- Benefits will be paid subject to your new policy limit and the daily/monthly benefit levels (and other coverage limits) in effect at the time you convert your policy to paid-up status.
- All optional benefit riders will automatically terminate as of the effective date of your paid-up status.
- No future inflation adjustments will be made.
- All other applicable policy provisions, conditions, and limitations will remain in effect.

[*Calculated based on benefit amounts and on premiums paid to date as of [file extract date]. The actual [Contingent Benefit Upon Lapse/Nonforfeiture Benefit][Paid-Up Policy option] amount may be slightly higher as it will be calculated based on current benefits and premiums paid to date or 30 times the daily nursing home benefit at the time of lapse, whichever is greater; but in no event will the sum of benefits exceed the maximum benefits which would be payable if the policy had remained in premium paying status.]

[Cancel your Coverage

If you choose to cancel your coverage, no claim for a previous or future loss will be eligible for consideration under your terminated policy. This change will be effective immediately.]

YOUR OPTIONS

[Other Benefit Reduction Options

In addition, you may be eligible to reduce other benefits to help lower the premium increase. These benefits can be reduced upon your request at any time. For example, you may be eligible to:

- [Reduce your current [daily/monthly benefit]*]
- [Reduce your benefit period*]
- [Increase your elimination period]
- [Drop an optional rider]

* This reduction will also result in a decrease to you overall policy limit.]

Please note - in certain instances the ability to reduce your benefits may not be available due to available plan options. [In addition, certain changes are subject to Partnership regulatory benefit minimum requirements.] [Your policy includes a "Limited Pay" premium provision. Please consider the number of remaining payments on your policy before making the decision to reduce your benefits.] For more information on these options as well as the new premium amounts, please call John Hancock at [**844-272-7842].**

IMPORTANT DATES

- If you choose an option listed on the enclosed Coverage Change Request Form, you must complete, sign and return the form by **[Month XX, YYYY]**.
- If you choose to make no changes to your coverage, no action is required. Your level of coverage will not change and your new increased premium will become effective on **[Month XX, YYYY]**.

1. **Why do you need to raise premium rates — can you explain further?**

   When pricing a long-term care insurance product, insurance companies use the best available information at that time to predict how many policyholders might ultimately use the benefit in the future. This involves making certain assumptions about a variety of factors including: particular medical conditions; the expected lifespan of policyholders; the length of time policyholders keep their policies; and the cost of receiving long-term care services. If the actual experience differs in an unfavorable way from the expected experience based on these assumptions, a premium rate increase may become necessary.

   Our most recent comprehensive claims study demonstrates lower than expected claim terminations during the elimination period and an updated view of future mortality and morbidity improvements, partially offset by favorable incidence as policyholders are filing claims at a lower rate than expected. In short, we anticipate having to pay more claims in the future than previously expected. Based on that data, we have determined that there is a need to increase premiums on certain policy series.

2. **What is the policy provision that allows you to raise my premiums?**

   The provision that allows for an increase in premiums can be found on the front page of your policy. Your policy indicates that, while your insurance company cannot change coverage or refuse to renew coverage for reasons other than nonpayment of premiums, the company is allowed to change or increase premiums so long as the increase applies to an entire class of policies. We are required to file premium increases on policy series, along with actuarial justification, with the department of insurance in the state where the policy was purchased. We may only implement the rate increase once we are permitted to do so.

3. **Have I been singled out for this rate increase because of my age or health?**

   No, the increase applies to everyone in the same rating class who purchased the same long-term care insurance product in the same state as you. No individual has been singled out for an increase, nor is the increase due to advancing age or changing health. Also, your state has not been singled out, as all states are included in our rate increase process.

4. **If I no longer live in the state where I purchased my policy, does the increase still apply?**

   Yes. All LTCi policies are regulated by the original state in which they were written at the time of the purchase of the policy. That means that the state where you were residing when you purchased your policy continues to be the applicable state, even if you are now residing elsewhere.

5. **Do I need to complete and return the enclosed Coverage Change Request Form?**

   The Coverage Change Request Form should only be used if you decide you want to adjust your benefits or cancel your policy. Otherwise, no action is necessary on your part, as the premium rate increase will take place automatically on the policy anniversary date specified in your letter.

6. **Will there be additional premium increases in the future?**

   Premium rates are not guaranteed and may be increased in accordance with the terms of your policy. We will continue to monitor the claims experience to determine whether future increases will be necessary.

7. **If I pay premiums through online banking or an automatic draft plan and my premium is changing, is there any action I need to take?**

   If you have an automatic draft plan established through John Hancock, no action is necessary, we will adjust the drafted amount. If you pay your premiums through online banking, please update your payment information with the new premium amount prior to the rate increase effective date.

COVERAGE CHANGE REQUEST FORM
Individual LTC Insurance Policy for [First Name] [Last Name]
Policy # [XXXXX]
John Hancock Life Insurance Company (U.S.A.)

If you choose to make no changes to your current coverage, no action is required and your new increased premium will be effective on [**Month XX, YYYY]**.

If you choose to change your coverage, you must select an option listed below, sign and return this Coverage Change Request Form by [**Month XX, YYYY]**.

Before choosing any tax qualified long-term care policy option, we recommend that you review the option with a qualified tax professional or attorney to determine which option is best for you and to consider potential individual income tax consequences.

Step 1: Select an option (please choose only one option)

For more details, please see your Options Worksheet. [**In some instances, certain changes are subject to Partnership regulatory benefit minimum requirements and may result in a loss of Partnership status.**] As a reminder, you may have additional options available to help mitigate the premium increase. For more information, please call John Hancock at [**844-272-7842**]. One of our Customer Service Representatives can discuss the impact of any change to your policy, and provide you with new premium amounts.

	COVERAGE CHANGE OPTIONS
☐	**Reduce your future annual inflation rate from [X%] to [X.X%]**.[*] This option will keep your premium at its current level.
☐	**Exercise the Shared Cost Option of [XX%]** resulting in a new [daily] benefit of $[XXX] and a reduction to your overall policy limit. [Your new, overall Shared Cost percentage will be [XX%].] John Hancock will pay [1-XX%] of any covered services, but we will not pay more than the new [daily/monthly] benefit amount and the new policy limit. This option will keep your premium at its current level.
☐	**[Reduce your daily benefit from $[XXX] to $[YYY]**. This will result in a reduction to your overall policy limit. Your new [modal] premium will be $[XXX.XX]]
☐	[**Exercise the [Paid-Up Policy Option][Nonforfeiture Benefit][Contingent Benefit Upon Lapse] available on your policy.** Your policy will be converted to a paid-up status with a modified policy limit of $[XXXX].]
☐	**[Cancel your coverage**. This change will be effective immediately.]

[*Important: Reducing your future annual inflation rate will result in the loss of Partnership status and your policy will no longer qualify for Medicaid Asset Protection. If you wish to retain Partnership status, do not elect this option. Other options to help minimize the increase and retain your Partnership status may be available to you. For more information, please call John Hancock at [888-654-6582].]

Step 2: Review Agreement and Acknowledgement

I understand that my benefits and premium for those benefits will change based upon the option(s) I select. I understand that premium rates are not guaranteed and may be increased again in the future if I am among the group of policyholders whose premiums are determined to be inadequate.

If I select an option(s) to change my coverage, I understand that, within 30 days of the date this change becomes effective, I may cancel the change in my coverage and return to my original coverage at the increased premium level.

I understand the policy change(s) I selected above. By signing below, I agree that any change(s) other than cancelling my policy, will be effective on my next policy anniversary provided this form is received by John Hancock by the election deadline indicated in this package.

Continued on next page

Step 3: **Sign and Date**

Signature ([First Name] [Last Name]) **Date**

Step 4: **Return this completed form using the enclosed postage-paid envelope by [Month XX, YYYY].**

[Mail
John Hancock
LTC Coverage Election
P.O. Box 55978
Boston, MA 02205-9723

FAX
John Hancock
LTC Coverage Election
877-6060-7771

EMAIL
LTCforms@jhancock.com]

John Hancock Life Insurance Company (U.S.A.)
(Not licensed in New York)

[Peter K. Burke
Assistant Vice President]

Long-Term Care Insurance
PO Box 55978
Boston, MA 02205-9723

[First Name] [Last Name]
[Address1]
[Address2]
[City], [State] [Zip]

[Date]

Re: **<u>Notice of Premium Rate Increase</u> – Long-Term Care Insurance Policy No. [xxx].**
Decision Required by [date].
John Hancock Life Insurance Company (U.S.A.) (John Hancock)

Dear [First Name] [Last Name],

We are writing to let you know that the premium for your John Hancock long-term care insurance (LTCi) policy is increasing. This notice will provide you with:

- **Details** about the premium increase
- **Options** available to you to help keep your premiums at or near their current level
- **Next Steps** and the resources to help you decide how to manage the increase

About the Premium Increase

John Hancock is committed to helping ensure LTCi benefits will be there when most needed. To uphold this responsibility, we continuously monitor the experience of our LTCi policies. Our most recent comprehensive claims study, which we generally conduct every three years, demonstrates lower than expected claim terminations during the elimination period. In short, we anticipate having to pay more claims in the future than previously expected. Based on that data, we have determined that there is a need to increase premiums on this policy series to reflect that future claims are expected to be significantly higher on these policies than originally expected or priced in order to meet future claims obligations.

Your Premium Increase

Based on your current benefit selections, your premiums will increase from [current premium] to [new premium], [policy mode]. This new premium will be effective for premiums due on or after [next policy anniversary]. You may pay this higher premium or choose one of the options to help mitigate the increase. Please note this letter is not a bill.

It is important for you to know that:

- the rate increase request was reviewed by Virginia's State Corporation Commission and was found to be compliant with applicable Virginia laws and regulations addressing long-term care insurance. All premium rate filings are available for public inspection and may be accessed online through the Virginia Bureau of Insurance's webpage at www.scc.virginia.gov/BOI.
- no person has been singled out for an increase
- no increase is due to advancing age or changing health

The decision to increase premiums on certain policies is based upon the future claims anticipated on these policies and has been made by John Hancock - not your insurance agent nor the Virginia Bureau of Insurance. As a reminder, per the terms of your policy, premium rates are not guaranteed and could be increased again in the future, at which time similar benefit reduction options may be available to you. However, please be advised that John Hancock will not apply any additional premium rate increase to your policy for at least [12] months from your policy anniversary date of [next policy anniversary].

Your Options

We understand that a premium increase may not be affordable for some. **Therefore, we are offering you options to help keep your premiums at or near their current level.** Please see the enclosed "Options Worksheet" for more information on these options that may help you mitigate the premium increase.

Included in this Package

- **Options Worksheet** (pages [3-6]) – provides details about your current coverage and the options you have to help mitigate the premium increase. **Please note that all the options available to you may not be of equal value. Please review this information carefully.**
- **Frequently Asked Questions** (page [7]) – provides answers to some of the most common questions.
- **Coverage Change Request Form** (pages [8-9]) – may be used to elect an option to help mitigate the increase.

Next Steps

- We recommend that you review all options available to you (including paying the rate increase and any available benefit reduction options) and consult with your family members and other advisors to determine which option is appropriate for your needs.
- If you decide to reduce your coverage as outlined in the Options Worksheet, simply complete the "Coverage Change Request Form" and return it to John Hancock by [**Month XX, YYYY]**.
- If you choose to make no changes to your coverage, no action is required, and your new increased premium will become effective on [**Month XX, YYYY]**.

Where to Get Help

- **Contact John Hancock** with any questions you may have. Please visit www.jhinfocenter.com or contact one of our customer service representatives at [844-272-7842], Monday through Friday from 8:00 a.m. – 6:00 p.m. Eastern Time. The TTY number for the hearing impaired is 800-555-5421. Our dedicated team is available to help you make a decision that best meets your personal needs.
- **You may contact your local State Health Insurance Assistance Program (SHIP)** if you need additional counseling on your options. Please go to www.shiptacenter.org to find the SHIP location closest to you.
- **You may also contact your State Department/Bureau of Insurance** if you need additional counseling on your options. Please go to http://naic.org/state_web_map.htm to find your State Department/Bureau of Insurance.

We sincerely regret having to take this action, but we hope you find that the options and resources provided are helpful.

Sincerely,

[Peter K. Burke
Assistant Vice President, Long-Term Care Operations]

Enclosures:
Options Worksheet
Frequently Asked Questions
Coverage Change Request Form

Options Worksheet for [First Name] [Last Name]
Policy # [XXXXX]
John Hancock Life Insurance Company (U.S.A.)

YOUR OPTIONS SUMMARY

The table below shows:

- Your current premium and the new premium you will be charged if you keep your current coverage; and
- Options you have available to help mitigate the premium increase, including any impact the change would have on your coverage and the resulting premium, where applicable. Please also see page [5] for other options that may be available to you.

Please visit **www.jhinfocenter.com** for current **cost of care** information specific to your area. As you evaluate what is best for you, we encourage you to consider the current and projected cost of care in your area, as well as how much of that amount you are willing and able to pay from your own savings.

Current Coverage		**Coverage Change Options**					
	Accept Rate Increase[1]	**[Shared Cost Option]**	**[Reduce your BP[2]]**	**[Reduce your [DB/MB][2]]**	**[Reduce your BP & [DB/MB][2]]**	**[Paid-up Policy] [Contingent Benefit Upon Lapse /Nonforfeiture Benefit[6]]**	**[Cancel Coverage]**
[Daily Benefit (DB)/Monthly Benefit (MB)][3]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	Cancel your coverage, effective immediately.
Benefit Period (BP)	[X]-year	[X]-year	[Y]-year	[X]-year	[Z]-year	N/A	
[Your Shared Cost Percentage	[XX]%	[XX]%[5]	[XX]%	[XX]%	[XX]%	[XX%]	
[Shared Cost Feature	No	Yes[5]	No	No	No	[No]	
Elimination Period	[List Here]						
Inflation Option	[List Here]						
Optional Riders	[List Here]						
Current [modal] Premium	$[XXX]						
New [**modal**] **Premium[4]**	**$[XXX]**	**$[XXX]**	**$[XXX]**	**$[XXX]**	**$[XXX]**	**N/A**	

Note - certain benefit reduction options will reduce your overall policy limit. Please contact John Hancock at [844-272-7842] for details. Please note that, as the insured, you have the right to a revised premium rate or rate schedule upon request.

[In some instances, certain changes are subject to Partnership regulatory benefit minimum requirements and may result in a loss of Partnership status.] [Important: Your policy includes a "Limited Pay" premium provision. Please consider the number of remaining payments on your policy before making the decision to reduce your benefits.]

[1]Assumes no recent changes in your current coverage.

[2]This reduction will also result in a corresponding decrease in your Total Policy Limit.

[3][DB/MB] is the most the coverage will reimburse for the costs of covered long-term care services received [on any day][in any month]. [Note: our records indicate there is claim activity on your policy; please consider your current policy limit before making the decision to reduce your benefits.] [You may also want to review the restoration of benefits provision in your policy before making your decision.]

[[4]As of [Month XX, YYYY]. [Note: Due to the pending release of CPI data by the U.S. Department of Labor, we are unable to quote [DB/MB] reductions until [Month] 20th.]

[[5]Represents your cumulative Shared Cost percentage after electing the current Shared Cost reduction offer of [XX%]. More details provided on the following page.]

[[5] Your Shared Cost percentage would be [XX]%. This change will also result in a reduction to your overall policy limit. See page 5 for more details on this option.]

Options Worksheet for [First Name] [Last Name]
Policy # [XXXXX]
John Hancock Life Insurance Company (U.S.A.)

YOUR OPTIONS

Exercise the Shared Cost Option

We are also making available to you a one-time opportunity to keep your premium at its current level and elect a personalized Shared Cost option which would:

- **Reduce your current benefit amounts by Your Shared Cost percentage of [XX]%.** Choosing this option will result in a new daily benefit of $[XXX] and a reduction to your overall policy limit. [Your new, overall Shared Cost percentage will be [XX%].] [Your new [daily/monthly] benefit amount will continue to grow at the rate of your automatic inflation coverage.]

  AND

- **Apply Your Shared Cost percentage to any future claim payments.** John Hancock will pay [1-XX%] of any covered services, but we will not pay more than the new [daily/monthly] benefit amount and the new policy limit. You will be responsible for the remaining portion of covered charges and all remaining costs.

The table below demonstrates the impact this change would have on three different claim examples after electing the [XX]% Shared Cost option[, compared to a traditional daily benefit reduction] The examples reflect our payment amount under the Shared Cost Option and the [DB/MB] Reduction Option when claim expenses are lower, are higher, and equal to your current daily benefit amount. Note – all amounts below are rounded to the nearest dollar for illustrative purposes.

	Example 1 $[XXX] Claim Submitted			Example 2 $[XXX] Claim Submitted			Example 3 $[XXX] Claim Submitted		
	Keep Current Coverage	[DB] Reduction Option	Shared Cost Option	Keep Current Coverage	[DB] Reduction Option	Shared Cost Option	Keep Current Coverage	[DB] Reduction Option	Shared Cost Option
Daily Benefit	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]
John Hancock's payment amount	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]
Your payment amount	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]	$[XXX]

Using example #3, let's look at how the Shared Cost amounts are determined (using rounded dollar amounts):

- Your existing $[XXX] daily benefit is reduced by [XX]% ($[XXX] - $[XXX] = your new daily benefit of $[XXX])
- You submit a claim for $[XXX]
- John Hancock pays [XX]% of any covered service – but no more than your new daily benefit of $[XXX] ($[XXX] x [XX]% = $[XXX]; which is greater than your new daily benefit of $[XXX] – therefore your claim reimbursement from John Hancock = $[XXX])
- You are responsible for paying the remaining amount ($[XXX] - $[XXX] = your payment of $[XXX])

When compared to a traditional daily benefit reduction, the Shared Cost option allows you to retain a higher daily benefit and policy limit – for a similar annual premium (see page 3).

Please note – as shown in the examples above, the Shared Cost Option is a benefit reduction option and impacts the amount of out of pocket expenses you will pay for covered services. The Shared Cost Option will also reduce your overall policy limit.

YOUR OPTIONS

[Reduce your Benefit Period

Reduce your benefit period from [X]-year to [Y]-year, resulting in a new [modal] premium of $[XXX]. Reducing your benefit period will also reduce your overall policy limit. There will be no change to your other benefit levels.]

[Reduce your [Daily/Monthly] Benefit

Reduce your [daily/monthly] benefit from $[XXX] to $[YYY], resulting in a new [modal] premium $[XXX]. Reducing your [daily/monthly] benefit will also reduce your overall policy limit. There will be no change to your other benefit levels.]

[Reduce your Benefit Period AND your [Daily/Monthly] Benefit

Reduce your benefit period from [X]-year to [Y]-year AND your [daily/monthly] benefit from $[XXX] to $[YYY], resulting in a new [modal] premium of $[XXX]. This combination of benefit reductions will also reduce your overall policy limit. There will be no change to your other benefit levels.]

[Exercise the [Contingent Benefit Upon Lapse] [Nonforfeiture Benefit] [Paid-Up Policy Option], resulting in a paid-up policy with reduced benefits

[Your policy includes a Nonforfeiture Benefit, which enables you to discontinue paying premiums and provides you with a paid-up policy with reduced benefits. By exercising this option, you will be significantly reducing your policy benefits, so you should give this careful consideration before you select it.]

[If you choose to cancel your policy within 120 days of [next policy anniversary date], we will modify your policy limit and convert your policy to paid-up status where no further premiums are due. Your new policy limit will be [$XXXX], which represents the sum of all premiums paid.* By exercising this option, you will be significantly reducing your policy benefits, so you should give this careful consideration before you select it.]

[If you choose to elect this option, your policy will be converted to a paid-up status with a modified policy limit where no further premiums are due. Your new policy limit will be $[XXXXX], which represents 150% of all premiums paid.* By exercising this option, you may be significantly reducing your policy benefits, so you should give this careful consideration before you select it.]

[The following terms apply if you choose to exercise the [Paid-Up Policy Option] [Contingent Benefit Upon Lapse] [Nonforfeiture Benefit]:

- No benefits will be paid in excess of your new policy limit.
- Benefits will be paid subject to your new policy limit and the daily/monthly benefit levels (and other coverage limits) in effect at the time you convert your policy to paid-up status.
- All optional benefit riders will automatically terminate as of the effective date of your paid-up status.
- No future inflation adjustments will be made.
- All other applicable policy provisions, conditions, and limitations will remain in effect.
- This change will be effective on your next policy anniversary date.]

[*Calculated based on benefit amounts and on premiums paid to date as of [file extract date]. The actual [Contingent Benefit Upon Lapse/Nonforfeiture Benefit][Paid-Up Policy option] amount may be slightly higher as it will be calculated based on current benefits and premiums paid to date or 30 times the [daily] nursing home benefit at the time of lapse, whichever is greater; but in no event will the sum of benefits exceed the maximum benefits which would be payable if the policy had remained in premium paying status.]

[Cancel your coverage

If you choose to cancel your coverage, no claim for a previous or future loss will be eligible for consideration under a terminated policy. This change will be effective immediately.]

YOUR OPTIONS

Other Benefit Reduction Options

In addition to the options listed above, you may be eligible to reduce other benefits to help mitigate the premium increase. These benefits can be reduced upon your request at any time. For example, you may be eligible to:

- [Increase your elimination period]
- [Drop an optional rider]

Please note - in certain instances the ability to reduce your benefits may not be available due to available plan options. [Your policy includes a "Limited Pay" premium provision. Please consider the number of remaining payments on your policy before making the decision to reduce your benefits.] For more information on these options as well as the new premium amounts, please call John Hancock at [**844-272-7842].]**

IMPORTANT DATES

- If you choose an option listed on the enclosed Coverage Change Request Form, you must complete, sign and return the form by [**Month XX, YYYY]**.
- If you choose to make no changes to your coverage, no action is required. Your level of coverage will not change and your new increased premium will become effective on [**Month XX, YYYY]**

1. **Why do you need to raise premium rates — can you explain further?**
   When pricing a long-term care insurance product, insurance companies use the best available information at that time to predict how many policyholders might ultimately use the benefit in the future. This involves making certain assumptions about a variety of factors including: particular medical conditions, the expected lifespan of policyholders, the length of time policyholders keep their policies, and the cost of receiving long-term care services. If the actual experience differs in an unfavorable way from the expected experience based on these assumptions, a premium rate increase may become necessary.

   Our most recent comprehensive claims study demonstrates lower than expected claim terminations during the elimination period and an updated view of future mortality and morbidity improvements, partially offset by favorable incidence as policyholders are filing claims at a lower rate than expected. In short, we anticipate having to pay more claims in the future than previously expected. Based on that data, we have determined that there is a need to increase premiums on certain policy series.

2. **What is the policy provision that allows you to raise my premiums?**
   The provision that allows for an increase in premiums can be found on the front page of your policy. Your policy indicates that, while your insurance company cannot change coverage or refuse to renew coverage for reasons other than nonpayment of premiums, the company is allowed to change or increase premiums so long as the increase applies to an entire class of policies. We are required to file premium increases on policy series, along with actuarial justification, with the department of insurance in the state where the policy was purchased, and may only implement the rate increase once we are permitted to do so.

3. **Have I been singled out for this rate increase because of my age or health?**
   No, the increase applies to everyone in the same rating class who purchased the same long-term care insurance product in the same state as you. No individual has been singled out for an increase, nor is the increase due to a policyholder's advancing age or changing health. Also, your state has not been singled out, as all states are included in our rate increase process.

4. **If I no longer live in the state where I purchased my policy, does the increase still apply?**
   Yes. All LTC insurance policies are regulated by the original state in which they were written at the time of the purchase of the policy. That means that the state where you were residing when you purchased your policy continues to be the applicable state, even if you are now residing elsewhere.

5. **Do I need to complete and return the enclosed Coverage Change Request Form?**
   The enclosed Coverage Change Request Form need only be completed and returned to John Hancock should you decide you want to adjust your benefits or cancel your policy. Otherwise, no action is necessary on your part, as the premium rate increase will take place automatically on the policy anniversary date specified in your letter.

6. **Will there be additional premium increases in the future?**
   Premium rates are not guaranteed and may be increased in accordance with the terms of your policy. We will continue to monitor the claims experience to determine whether future increases will be necessary.

7. **If I pay premiums through online banking or an automatic draft plan and my premium is changing, is there any action I need to take?**
   If you have an automatic draft plan established through John Hancock, no action is necessary, we will adjust the drafted amount. If you pay your premiums through online banking, please update your payment information with the new premium amount prior to the rate increase effective date.

COVERAGE CHANGE REQUEST FORM
Individual LTC Insurance Policy for [First Name] [Last Name]
Policy # [XXXXX]
John Hancock Life Insurance Company (U.S.A.)

If you choose to make no changes to your current coverage, no action is required and your new increased premium will be effective on [**Month XX, YYYY]**.

If you choose to change your coverage, you must select an option listed below, sign and return this Coverage Change Request Form by [**Month XX, YYYY]**.

Before choosing any tax qualified long-term care policy option, we recommend that you review the option with a qualified tax professional or attorney to determine which option is best for you and to consider potential individual income tax consequences.

Step 1: Select an option (please choose only one option)

For more details, please see your Options Worksheet. As a reminder, you may have alternative options available to help mitigate the premium increase. For more information, please call John Hancock at [**844-272-7842].**

	COVERAGE CHANGE OPTIONS	New Premium Effective [Month XX, YYYY]
☐	**[Exercise the Shared Cost Option.** Your [daily] benefit and policy limit will be reduced by [X%] and [we] [your new Shared Cost percentage will be [XX%]. John Hancock] will pay [1-XX%] of any covered services, but we will not pay more than the new [daily/monthly] benefit amount.]	**$[XXX] [policy mode]**
☐	[**Reduce your Benefit Period from [X-year] to [X-year].]**	**$[XXX][policy mode]**
☐	[**Reduce your [Daily/Monthly] Benefit from $[XXX] to $[XXX].]**	**$[XXX][policy mode]**
☐	[**Reduce your Benefit Period from [X-year] to [X-year] and [Daily/Monthly] Benefit from $[XXX] to $[XXX]**.]	**$[XXX][policy mode]**
☐	[**Exercise the [Paid-Up Policy Option] [Contingent Benefit Upon Lapse] [Nonforfeiture Benefit] available on your policy**]. Your policy will be converted to a paid-up status with a modified policy limit of $[XXXX].]	N/A
☐	[**Cancel your coverage**. This change will be effective immediately.]	N/A

Step 2: Review Agreement and Acknowledgement

I understand that my benefits and premium for those benefits will change based upon the option(s) I select. I understand that premium rates are not guaranteed and may be increased again in the future if I am among the group of policyholders whose premiums are determined to be inadequate.

If I select an option(s) to change my coverage, I understand that, within 30 days of the date this change becomes effective, I may cancel the change in my coverage and return to my original coverage at the increased premium level.

I understand the policy change(s) I selected above. By signing below, I agree that any change(s) other than cancelling my policy, will be effective on my next policy anniversary provided this form is received by John Hancock by the election deadline indicated in this package.

Continued on next page

Step 3: Sign and Date

Signature ([First Name] [Last Name]) **Date**

Step 4: Return this completed form using the enclosed postage-paid envelope by [Month XX, YYYY].

[Mail
John Hancock
LTC Coverage Election
P.O. Box 55978
Boston, MA 02205-9723

FAX
John Hancock
LTC Coverage Election
877-606-7771

EMAIL
LTCforms@jhancock.com]

John Hancock Financial Services

Long Term Care
200 Berkeley Street
Boston, Massachusetts 02116

(617) 572-1284
kgillis@jhancock.com

Katherine A Gillis, FSA, MAAA
Actuary, Long Term Care Inforce Management

May 13, 2020

Bill Dismore

Re: John Hancock Life Insurance Company (U.S.A)
2019 Inforce Rate Increases – JH Leading Edge
SERFF ID: MULF- 132318711

Dear Mr. Dismore,

This letter is in response to your objection dated April 16, 2020 regarding the above filing. Your questions/concerns are included below in bold with our responses following.

1. **Please provide the SERFF tracking number for the prior filing referred to in item 1. in which the lifetime loss ratio of 69.4% was calculated.**

   The SERFF tracking number for the prior Leading Edge filing is MULF-131518974. We ultimately withdrew this filing because we were entering into new inflation hedges. We have since entered into these hedges and are passing the gains through to the Virginia policyholders as part of this filing.

2. **Please provide the Nationwide current average premium and number of policies for each form.**

   The table below lists the Nationwide current average premium and number of policies as of 12/31/2018 for each policy form included in this filing. The nationwide average premium does not reflect any previously approved rate increases to be implemented after 12/31/2018.

Policy Form	Nationwide Average Premium	Nationwide Count
LTC-06 VA	2,020	31,890

3. **Please provide all projections required to calculate the increase allowed under the Prospective PV Approach and the Blended If-Knew/Make-up Approach (see attached description)**

   Under the Prospective Present Value method our rate increases would look like the following:

Total Rate Increase- Prospective Present Value Method			
Product	**Base Rate Increase**	**Catchup Provision**	**Total Rate Increase**
LE	40.6%	0.0%	**40.6%**

All projections and calculations are in the attached spreadsheet: "*Prospective Present Value Calculations.xlsx*"

Under the Blended (Cost-Sharing) method our rate increase would look like the following:

Product	If knew Increase	Make Up Rate Increase	Remaining Policyholder Percentage	Blended Increase	Cost Sharing Increase	Past Rate Increases	Maximum Allowable Increase
Leading Edge	16.4%	43.3%	76.8%	37.1%	34.8%	0.0%	**34.8%**

All projections and calculations are in the attached spreadsheet: "*Cost Sharing Calculations.xlsx*"
We would be happy to discuss the results from these two methods with the department.

4. **Please provide sufficient detail or documentation so that any projections can be recreated. Please provide a copy of all projections in Excel with working formulas.**

   Please refer to the file *"VA LE Exhibits.xlsx"* for historical and projected loss ratios in spreadsheet format using both Nationwide and state-specific data.

   Please note that no Leading Edge policies were issued in Virginia after 2013 so the tab named "*VA LE 3.5%*" is empty.

5. **Please advise in which states the company has requested rate increases on this block and describe how the rate changes requested in Virginia compare with those in other states, along with a listing of the status of the rate reviews in those other states.**

   Please refer to the file *"2019 Retail LE Rate Increase Filing Summary.xlsx"*.

6. **Is the intent of the company to not request any further rate increases if the proposed rate increase is approved and the experience develops as projected? If not, please explain.**

   If the requested premium rate schedule increase is implemented and the underlying assumptions are realized, no further premium rate schedule increases are anticipated.

7. **Please advise if there are any active partnership policies in Virginia.**

   There are no partnership policies currently in force in Virginia.

Please do not hesitate to contact me if you have any questions on the above.

Sincerely,

Katherine A Gillis

Katherine A Gillis, FSA, MAAA
Actuary, Long Term Care Inforce Management
John Hancock Life Insurance Company

John Hancock Financial Services

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200 Berkeley Street
Boston, Massachusetts 02116

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Katherine A Gillis, FSA, MAAA
Actuary, Long Term Care Inforce Management

John Hancock
LONG-TERM CARE INSURANCE

June 30, 2020

Bill Dismore

Re: John Hancock Life Insurance Company (U.S.A)
2019 Inforce Rate Increases – JH LE
SERFF ID: MULF- 132318711

Dear Mr. Dismore,

This letter reflects a correction to information that was originally provided in both our filing dated April 14, 2020 and our prior objection response dated May 15, 2020, as well as a response to your objection dated June 8, 2020.

An error was discovered in the calculation of the shared cost option for the Leading Edge policy series which slightly understated the percentages for compound inflation policies and overstated the percentages for GPO policies. Revised shared cost percentages have been provided in the file "Updated VA LE shared cost landing spot.pdf". Please note that this correction has no effect on the loss ratio exhibits or on the proposed rate increases. We apologize for any confusion.

In addition, since the prior objection we have identified active DRA (Deficit Reduction Act) partnership policies for the Leading Edge policy series in VA as shown in the table below:

Product	Partnership Policies	Total Policy Count
LE	1854	2007

In response to your objection dated June 8, 2020, your requests are included in bold with our responses following...

1. **Please explain why the "Before Proposed Increase" values in Exhibit 1 differ from those in the PPV Method exhibit for both the Base and Catchup calculations.**

   There are several differences between the "Before Proposed Increase" values in Exhibit 1 and the values shown in the PPV Method exhibit, described below.

   - Calculating rate increases under the Prospective Present Value (PPV) Method involves using data for active premium paying policyholders only. The data used in the Lifetime Loss Ratio (LLR) Method calculations shown in Exhibit 1 also includes

     - Policyholders currently under Non-forfeiture Options (NFOs).
       These policyholders are not currently paying premiums but can still incur claims in the future. Since NFO's are not active premium paying policyholders, they were not considered in the PPV data, implying that LLR claims in Exhibit 1 should be higher than in the PPV Exhibits.

     - Policyholders currently on claim.
       PPV data does not include these cash flows as these policyholders are not currently paying premiums, implying that LLR claims and premiums (due to recoveries) in Exhibit 1 should be higher than in the PPV Exhibits.

- PPV projections reflect shock lapse due to the rate increase, whereas the "Before Proposed Increase" values in Exhibit 1 do not. In the PPV calculations, both future premiums and claims are adjusted downward by 1.30% starting at the expected date of the rate increase.

2. Please provide the Net Level Premium Reserve balance for this block of policies as of 12/31/2018.

The Net Level Premium (NLP) Reserve balance for the Leading Edge block of business is $409,117,903.

Please note that, to remain consistent with the Pre RS policy forms and prior filings, this reserve reflects the original pricing discount rate. Since calculating an NLP reserve at the original pricing discount rate is challenging, an agreed upon proxy was used to determine the reserve which is shown in the formula below. A volume adjustment is applied so that the NLP reserve better represents the current in force. This adjustment is based on the ratio of 2018 earned premiums before the proposed rate increase and shock lapse, over the 2018 earned premiums based on the original pricing assumptions.

NLP reserve = PV(Future Incurred Claims) – (PV(Future Earned Premiums) * Original Pricing Lifetime Loss Ratio)

3. Please provide the total claim count for both a) this block of policies and b) the full data set used to set the morbidity assumptions.

The dataset upon which the 2019 morbidity study is based includes 29,612 John Hancock individual claims. The total claim count for the Custom Care II+ block of business for the study period was 1,989 nationwide.

Product	Claim Count
Advantage	5,096
Gold	17,370
Custom Care I	5,157
Custom Care II+	1,989
Total	**29,612**

4. Please quantify the impact of the Company's choice to use only the 5-year period of 2013-2017 to set its experience assumptions vs. all historical data.

The morbidity study completed in 2019 included data through 12/31/2018 but cut off at 12/31/2017 to eliminate most Incurred but Not Reported (IBNR) issues. The 2019 study population consists of policies with incurral year 2013 or later, policy duration 10 or later, which is representative of our inforce business. Therefore, much of the information in the recent study is new relative to the prior study. As shown above, we believe there is sufficient recent data on which to execute the study.

In 2013, changes were made to claims operations that resulted in claims that terminated during the elimination period being less likely to be reported. The effect of this was a reduction to incidence and a largely offsetting reduction to early claim terminations. The choice to use data from the 5-year period of 2013-2017 was specifically intended to minimize the impact of this change on setting our assumptions.

In general, using our most recent data avoids using data which will have little relevance in the future.

5. **Are any adjustments made by policy form or block to adjust the total company assumptions derived in the experience studies to reflect policy characteristics of each individual block?**

   Yes, we explicitly recognize the experience that is unique to each large block of business by implementing adjustment factors by product. These adjustments apply to incidence, termination, and utilization.

   The relationship between products is also an important consideration in setting assumptions. For example, we have lowered our EP termination expectations for both the Gold Series and the Custom Care Series, however, for Custom Care we have avoided lowering it too much to ensure that Custom Care does not have a longer expected Length of Stay on claim.

   Also, please note that product correlates with many dimensions, so the experience that is unique to a given block is often adjusted indirectly.

Please do not hesitate to contact me if you have any questions on the above.

Sincerely,

Katherine A Gillis

Katherine A Gillis, FSA, MAAA
Actuary, Long Term Care Inforce Management
John Hancock Life Insurance Company

Appendix D
Leading Edge
Shared Cost Percentages

Age	GPO			Compound Inflation		
	Benefit Period			Benefit Period		
	3 Years	5 Years	5 Years + $1m	3 Years	5 Years	5 Years + $1m
18-29	22.7%	19.6%	17.6%			
30	18.2%	23.5%	21.7%			
31	28.5%		16.7%			
32	26.1%	21.0%	25.4%			
33	29.2%	30.7%	28.1%			
34	21.0%	26.7%	20.3%			
35	30.7%	30.7%	19.1%			
36	30.7%	29.8%	28.2%		30.7%	
37	30.7%	30.7%				
38	30.7%	29.0%	30.7%			
39	30.7%	30.7%				
40	30.7%	30.7%	29.8%		30.7%	
41	30.7%	29.1%	30.7%		27.2%	
42	30.7%	30.7%	30.7%		24.3%	
43	30.7%	30.7%	30.7%			
44	30.7%	30.7%	30.7%			
45	30.7%	30.7%	30.7%	30.7%	24.3%	
46	30.7%	30.7%	30.7%		30.7%	
47	30.7%	30.7%	30.7%		30.7%	
48	30.7%	30.7%	30.7%		30.7%	
49	30.7%	30.7%	30.7%		30.7%	
50	30.7%	30.7%	30.7%			
51	30.7%	30.7%	30.7%	26.5%	23.2%	
52	30.7%	30.7%	30.7%	30.7%	29.1%	
53	30.7%	30.7%	30.7%	25.3%	30.7%	
54	30.7%	30.7%	30.7%	22.8%	30.7%	
55	30.7%	27.7%	30.4%	20.6%		
56	30.7%	29.9%	28.3%	18.5%	30.7%	
57	30.7%	30.5%	30.7%	27.3%	25.8%	
58	30.7%	30.7%	30.7%		25.1%	
59	30.7%	30.7%	30.7%			
60	25.4%	22.2%	20.7%	22.6%		
61	27.4%	25.7%	23.3%		30.5%	
62	29.8%	27.9%	24.3%	20.0%		
63	30.7%	29.9%	26.5%	30.7%		
64	30.7%	30.7%	30.7%	30.7%	28.3%	
65	21.1%	19.7%	17.3%			
66	23.2%	21.1%	20.8%			
67	27.1%	23.6%	20.7%			
68	29.9%	25.5%	25.0%			
69	30.7%	29.2%	25.4%			
70	17.8%	18.2%	20.1%			
71	20.5%	21.2%	15.2%			
72	22.4%	20.6%	14.7%			
73	26.0%	27.0%	18.4%			
74	27.9%	24.5%	30.7%			
75	16.0%	16.2%	9.1%			
76	15.5%	10.3%	10.1%			
77	12.8%	9.1%				
78	10.9%	8.1%	6.5%			
79	7.6%	6.7%				
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Certain cells are blank because there are no nationwide policies with that benefit period, issue age and inflation combination

For GPO policies with multiple layers of coverage, the Shared Cost percentage will be based on the issue age of the base contract. Each GPO layer will be reduced by the Shared Cost percentage

Shared Cost percentages are calculated based on policyholder data at the time of election

Appendix D
Leading Edge
Shared Cost Percentages

Note on premium calculation for a policyholder who elects the Shared Cost option:

To calculate the premium after election of the Shared Cost option, the premium rate schedules in Appendix C should be used. Since the Shared Cost option reduces the daily benefit, an additional factor is required to calculate the premium appropriately, as shown below:

Premium after electing Shared Cost option =

$$\frac{\text{(Premium Rate Schedule per \$10 daily benefit: Appendix C) * (New Daily Benefit/10)}}{\text{(1 – Shared Cost Percentage)}}$$

A similar formula can be used for GPO policies with multiple layers of coverage:

Premium after electing Shared Cost option =

$$\frac{\text{[(Premium Rate Schedule, Base Issue Age per \$10 Daily Benefit: Appendix C) * (New Base Daily Benefit/10) +} \\ \text{(Premium Rate Schedule, GPO Layer 1 Issue Age per \$10 Daily Benefit: Appendix C) * (New Layer 1 Daily Benefit/10) + ...]}}{\text{(1 – Shared Cost Percentage)}}$$